THE PONTIFICAL ACADEMY OF SOCIAL SCIENCES

Acta

7

Globalization Ethical and Institutional Concerns

PROCEEDINGS

Seventh Plenary Session
25-28 April 2001

VATICAN CITY
2001

GLOBALIZATION
ETHICAL AND INSTITUTIONAL CONCERNS

Address
The Pontifical Academy of Social Sciences
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The opinions expressed with absolute freedom during the presentation of the papers of this meeting, although published by the Academy, represent only the points of view of the participants and not those of the Academy.

Editors of the Proceedings:
Prof. EDMOND MALINVAUD
Prof. LOUIS SABOURIN

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PREFACE

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LOUIS SABOURIN

Dans le sillon si adroitement tracé par notre Président, il me fait plaisir, en tant que coordonnateur de cette rencontre, de vous souhaiter la plus chaleureuse et cordiale bienvenue, notamment à celles et ceux qui sont avec nous pour la première fois. J'exprime ma gratitude aux conférenciers, commentateurs, rapporteurs et président de séance pour avoir accepté de contribuer ainsi à la septième assemblée générale de l'Académie Pontificale des Sciences Sociales portant sur *Les incidences éthiques et institutionnelles de la mondialisation*.

Le programme établi est le résultat d'une étroite consultation entre, d'une part, le Comité des rapports avec les pays en développement et, d'autre part, le Conseil de l'Académie. Cette collaboration a mené d'abord, en février 2000, à la tenue d'un séminaire dont les Actes sur *Les dimensions sociale de la globalisation* ont été publiés, il y a quelques mois déjà, et dont vous avez reçu copie. Je remercie à nouveau ceux qui ont participé au séminaire et rédigé un rapport ainsi que les membres de l'Académie qui ont fait parvenir des commentaires et des observations sur cette publication.

Pendant les deux dernières années et, d'une façon particulière, depuis un an, j'ai été en contact suivi avec notre chancelier. Je sais que je parle au nom de tous les membres de l'Académie en disant que Mgr. Sánchez mérite non seulement nos félicitations pour sa récente nomination en tant qu'évêque mais aussi notre gratitude pour le travail remarquable qu'il a accompli. Au cours des derniers mois, c'est presque quotidiennement, par le truchement du téléphone, du fax, du courrier ordinaire et surtout du courrier électronique que j'ai pu apprécier sa diligence, son dévouement, son ardeur au travail, sa ténacité et son sens de l'humour, bref son efficacité. Transmettez Mgr. Sánchez nos remerciements à votre équipe que l'on souhaiterait sans doute plus nombreuse.

En choisissant, il y a deux ans, d'aborder le thème de la mondialisation, l'Académie faisait un choix logique après celui de *la démocratie* dont les travaux, sous la conduite judicieuse du Professeur Zacher, avait établi des liens entre ces deux phénomènes. Nous savions que la mondialisation devenait une préoccupation majeure un peu partout sur la planète, préoccupation que le Saint-Père avait analysée dans son discours, lors de la Journée de la Paix en 1997, en soulignant le défi d'en arriver "à une globalisation dans la solidarité, sans exclusion".

En réalité, et c'est mon souhait le plus cher, j'espère que notre assemblée évitera de tomber dans l'un ou l'autre des pièges suivants: d'abord, celui des visions, des conceptions ou des approches manichéennes qui encouragent à prendre position *a priori* et sans nuance pour ou contre la globalisation; deuxièmement, celui de l'analyse trop fine ou exclusive tentant de réduire la mondialisation à l'une ou l'autre de ses nombreuses dimensions soit scientifique, écologique ou technologique, soit économique, commerciale ou financière, soit juridique, politique ou sociale, soit culturelle ou religieuse.

Tout en étant conscient de la diversité des facettes de la globalisation, nous avons toutefois voulu tenir compte du caractère et des objectifs de notre Académie, du contexte de l'Eglise, des recommandations découlant du séminaire de l'an dernier. Ainsi, nous avons proposé d'axer principalement, mais non exclusivement, nos délibérations sur deux volets, à savoir la dimension éthique de la mondialisation et sa portée sur les pays en développement.

La mondialisation est certes devenue une réalité incontournable mais elle comporte des réalités autant positives que contestables. Elle comprend non seulement des causes, des faits et des effets mais aussi des *valeurs* qui nous interpellent tous et qu'il est de notre responsabilité d'analyser et de questionner. D'ailleurs I'Église depuis sa fondation, s'est donnée une vocation à l'universalité. Son nom lui-même *katolikos*, n'est-il pas *l'alpha* et *l'omega* d'une mondialisation fondée sur une éthique et des valeurs qu'elle s'efforce de présenter dans sa doctrine sociale?

La globalisation remet présentement en cause de nombreuses certitudes et crée beaucoup inquiétudes. Chaque personne porte en soi et vit à sa manière la mondialisation. Theihard de Chardin n'a-t-il pas écrit que ce qui est souvent déterminant dans la vie, ce n'est pas *où* mais *d'où* l'on regarde. La quête d'unanimité en la matière est une recherche futile mais l'expression de points de vue divers est une démarche souhaitable, indispensable même, dans le cheminement démocratique que nous voulons tous. C'est pourquoi nous avons souhaité impliquer dans nos travaux, à coté des experts invités, le plus grand nombre possible de membres de l'Académie qui ont chacun, chacune, une riche expérience personnelle et professionnelle à communiquer et que nous tenions à valoriser.

Voilà brièvement défini les limites, l'approche et les buts de cette assemblée sur les aspects éthiques et institutionnels de la globalisation. Il me reste à souhaiter que nos délibérations soient non seulement intéressantes – ce qu'elles seront sans doute – mais qu'elles nous permettent aussi de déboucher sur des voies que nous pourrons explorer et approfondir lors d'autres rencontres de l'Académie.

Je cède donc la parole au Père Schasching pour dégager les grandes lignes de la doctrine sociale de l'Église en matière de mondialisation. Je le remercie d'avoir accepté de remplacer Mgr. Martin qui a droit à nos félicitations pour sa récente nomination en tant que représentant du St-Siège à l'ONU-Genève.

Je demanderai ensuite à notre collègue, le Professeur Zubrzycki, de présider la première séance et d'exposer succinctement le sens que le comité souhaiterait donner à nos débats et de bien souligner à chacun des conférenciers que nous avons tous pris connaissance de leur communication et que chacun a une demi-heure pour résumer oralement son texte. Quant aux commentateurs, le Président de séance leur accordera chacun une douzaine de minutes et veillera à le leur rappeler, le cas échéant. Nous souhaitons ainsi laisser à chaque séance suffisamment de temps pour les échanges d'opinion.

Je tiens en terminant à vous réitérer ma gratitude personnelle pour vos contributions écrites et orales, notamment à nos invités, à commencer par le Professeur Crocker qui a si spontanément relevé le défi de présenter une communication que vous avez tous déjà reçue, lorsque notre collège et ami, Denis Goulet, a été terrassé récemment par la leucémie. Nos bonnes pensées vont vers ce dernier qui était avec nous lors du séminaire de l'an dernier, au moment ou il lutte courageusement contre cette terrible maladie.

Voilà qui est assez dit pour le moment: autrement, vous auriez droit de m'élever une plaque semblable à cette que certains ont érigé à coté de la tombe de Richelieu et qui se lit comme suit:

Voilà un homme
Qui fit plus de mal que de bien.
Le bien qu'il fit, il le fit mal,
Le mal qu'il fit, il le fit bien.

VII PLENARY SESSION: 25-28 APRIL 2001

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Professor JOHANNES SCHASCHING (Pontifical Academician, Vienna)
The Church's Views on Globalization

FIRST SESSION – Globalization and Human Development: Ethical Approaches

Professor DAVID CROCKER (University of Maryland, President, International Development Ethics Association, Maryland)
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Comments:
Professor RENÉ RÉMOND (Pontifical Academician, Paris)
Professor WILFRIDO VILLACORTA (Pontifical Academician, Manila)
Professor SERGIO BERNAL RESTREPO (Rome, Gregoriana)
An Ethical Assessment of Globalization

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Professor Paul Dembinski (University of Fribourg, Director, Observatory of Finance of Geneva)
The New Global Economy: Emerging Forms of (Inter) Dependence

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Globalization and Poverty: Potentials and Challenges

Cultural Identities
Professor Pedro Morandé Court (Pontifical Academician, Santiago de Chile)
The Impact of 'Globalization' on Cultural Identities

Comments:
- Professor Mina Ramirez (Pontifical Academician, Manila)
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- Professor Pierluigi Zampetti (Pontifical Academician, Genoa)
- Professor Margaret Archer (Pontifical Academician, Warwick)

FOURTH SESSION – Globalization and Institutional Change: a Development Perspective

Professor Jorge Braga de Macedo (President, OECD Development Centre, Paris)
Globalization and Institutional Change: A Development Perspective

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- Professor Juan José Llach (Pontifical Academician, Buenos Aires)
  Globalization and Governance: the Flip Side of the Coin
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FIFTH SESSION – The Impact of Global Financial Flows on Developing Countries

Professor STEPHANY GRIFFITH-JONES (Institute of Development Studies, University of Sussex)
Developing Countries and the New Financial Architecture

Comments:
Professor KENNETH ARROW (Pontifical Academician, Stanford)
Professor HANS TIETMEYER (Pontifical Academician, Cologne)

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SIXTH SESSION – Globalization and the Church's New Challenges

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Europa und die Globalisierung – Der Beitrag der Kirche

Comments:
Professor MARY ANN GLENDON (Pontifical Academician, Harvard)
Professor GIUSEPPE TOGNON (LUMSA, Rome)

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Professor ROLAND MINNERATH (Pontifical Academician, Strasbourg)
La globalisation et l'éthique ou l'éthique de la globalisation?

Professor MINA RAMIREZ (Pontifical Academician, Manila)
Globalization and the Common Humanity: Ethical and Institutional Concerns

General Discussion

CONCLUDING REMARKS

Professor EDMOND MALINVAUD (President of the Academy, Paris)

Meeting of the Council

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ADDRESS OF THE PRESIDENT TO THE HOLY FATHER

Holy Father,

In the valuable message that you sent to us last year you recalled the contribution that is expected from the Academy, namely to 'enter into that dialogue between Christian faith and scientific methodology which seeks true and effective responses to the problems and difficulties which beset the human family'. We are here now in order to approach – for the first time in a plenary session – the problems and difficulties connected with the globalisation of the world. As your message of last year also stated, 'there is no doubt that the new millennium will see the continuation of the phenomenon of globalization, that process by which the world moves ever closer to becoming a homogeneous whole'. Our activities on this most important phenomenon will, of course, extend over several of our future sessions. Starting with a preliminary workshop held last year, these activities have been and will continue to be organised by Professor Louis Sabourin of Montreal University.

During our first day here this year we have surveyed not only the Social Doctrine of the Church on globalisation, but also more broadly the various ethical approaches to globalisation and human development, what they have in common, and the ways in which they differ.

Turning to the phenomenon itself and to the increasing interdependence which it involves, we have singled out three aspects in our survey of the facts and problems: what globalisation means for our cultures, how it differs from what would be an equitable trend toward a more unified world, and, at a more specific level, the challenges which face us if we want to reduce poverty.

The remaining parts of our discussions are geared towards studying how changes in social, economic and political structures can be controlled in a more effective way at the international level. Throughout these discussions our intention is to pay especial attention to the less developed regions of the world.

Studying now, and in other sessions to come, this most important subject, we do not mean to postpone – even temporarily – our ongoing study of other problems and difficulties. Indeed, we did not complete our task in relation to the two subjects which kept us busy for six years: 'work and employment' on the one hand, and 'democracy' on the other. In both cases, we have to come closer to fulfilling our mission, namely to play our part in the dialogue between Christian faith and scientific knowledge. We still have to find the proper way to express those conclusions – reached within our sciences – which can best foster the development of the Social Doctrine of the Church. We are now dedicating ourselves to this question as well, and we hope to make significant progress in this area during our session next year.

Holy Father: today, at this high point of our present session, we keenly await your words, and we thank you most warmly for your advice.

Edmond Malinvaud

ADDRESS OF THE HOLY FATHER
TO THE PARTICIPANTS
OF THE SEVENTH PLENARY SESSION

Ladies and Gentlemen of the Pontifical Academy of Social Sciences,

1. Your President has just expressed your pleasure at being here in the Vatican to address a subject of concern to both the social sciences and the Magisterium of the Church. I thank you, Professor Malinvaud, for your kind words, and I thank all of you for the help you are generously giving the Church in your fields of competence. For the Seventh Plenary Session of the Academy you have decided to discuss in greater depth the theme of globalization, with particular attention to its ethical implications.

Since the collapse of the collectivist system in Central and Eastern Europe, with its subsequent important effects on the Third World, humanity has entered a new phase in which the market economy seems to have conquered virtually the entire world. This has brought with it not only a growing interdependence of economies and social systems, but also a spread of novel philosophical and ethical ideas based on the new working and living conditions now being introduced in almost every part of the world. The Church carefully examines these new facts in the light of the principles of her social teaching. In order to do this, she needs to deepen her objective knowledge of these emerging phenomena. That is why the Church looks to your work for the insights which will make possible a better discernment of the ethical issues involved in the globalization process.

2. The globalization of commerce is a complex and rapidly evolving phenomenon. Its prime characteristic is the increasing elimination of barriers to the movement of people, capital and goods. It enshrines a kind of triumph of the market and its logic, which in turn is bringing rapid changes in social systems and cultures. Many people, especially the disadvantaged, experience this as something that has been forced upon them, rather than as a process in which they can actively participate. In my Encyclical Letter *Centesimus Annus*, I noted that the market economy is a way of adequately responding to people's economic needs while respecting their free initia-

tive, but that it had to be controlled by the community, the social body with its common good (cf. nn. 34, 58). Now that commerce and communications are no longer bound by borders, it is the universal common good which demands that control mechanisms should accompany the inherent logic of the market. This is essential in order to avoid reducing all social relations to economic factors, and in order to protect those caught in new forms of exclusion or marginalization.

Globalization, *a priori*, is neither good nor bad. It will be what people make of it. No system is an end in itself, and it is necessary to insist that globalization, like any other system, must be at the service of the human person; it must serve solidarity and the common good.

3. One of the Church's concerns about globalization is that it has quickly become a cultural phenomenon. The market as an exchange mechanism has become the medium of a new culture. Many observers have noted the intrusive, even invasive, character of the logic of the market, which reduces more and more the area available to the human community for voluntary and public action at every level. The market imposes its way of thinking and acting, and stamps its scale of values upon behaviour. Those who are subjected to it often see globalization as a destructive flood threatening the social norms which had protected them and the cultural points of reference which had given them direction in life. What is happening is that changes in technology and work relationships are moving too quickly for cultures to respond. Social, legal and cultural safeguards – the result of people's efforts to defend the common good – are vitally necessary if individuals and intermediary groups are to maintain their centrality. But globalization often risks destroying these carefully built up structures by exacting the adoption of new styles of working, living and organizing communities. Likewise, at another level, the use made of discoveries in the biomedical field tend to catch legislators unprepared. Research itself is often financed by private groups and its results are commercialized even before the process of social control has had a chance to respond. Here we face a Promethean increase of power over human nature, to the point that the human genetic code itself is measured in terms of costs and benefits. All societies recognize the need to control these developments and to make sure that new practices respect fundamental human values and the common good.

4. The affirmation of the priority of ethics corresponds to an essential requirement of the human person and the human community. But not all forms of ethics are worthy of the name. We are seeing the emergence of patterns of ethical thinking which are by-products of globalization itself and

which bear the stamp of utilitarianism. But ethical values cannot be dictated by technological innovations, engineering or efficiency; they are grounded in the very nature of the human person. Ethics cannot be the justification or legitimation of a system, but rather the safeguard of all that is human in any system. Ethics demands that systems be attuned to the needs of man, and not that man be sacrificed for the sake of the system. One evident consequence of this is that the ethics committees now usual in almost every field should be completely independent of financial interests, ideologies and partisan political views. The Church on her part continues to affirm that ethical discernment in the context of globalization must be based upon two inseparable principles:

– First, the inalienable value of the human person, source of all human rights and every social order. The human being must always be an end and not a means, a subject and not an object, nor a commodity of trade.

– Second, the value of human cultures, which no external power has the right to downplay and still less to destroy. Globalization must not be a new version of colonialism. It must respect the diversity of cultures which, within the universal harmony of peoples, are life's interpretive keys. In particular, it must not deprive the poor of what remains most precious to them, including their religious beliefs and practices, since genuine religious convictions are the clearest manifestation of human freedom. As humanity embarks upon the process of globalization, it can no longer do without a common code of ethics. This does not mean a single dominant socio-economic system or culture which would impose its values and its criteria on ethical reasoning. It is within man as such, within universal humanity sprung from the Creator's hand, that the norms of social life are to be sought. Such a search is indispensable if globalization is not to be just another name for the absolute relativization of values and the homogenization of life-styles and cultures. In all the variety of cultural forms, universal human values exist and they must be brought out and emphasized as the guiding force of all development and progress.

5. The Church will continue to work with all people of good will to ensure that the winner in this process will be humanity as a whole, and not just a wealthy elite that controls science, technology, communication and the planet's resources to the detriment of the vast majority of its people. The Church earnestly hopes that all the creative elements in society will cooperate to promote a globalization which will be at the service of the whole person and of all people. With these thoughts, I encourage you to continue to seek an ever deeper insight into the reality of globalization, and as a pledge of my spiritual closeness I cordially invoke upon you the blessings of Almighty God.

REPORT BY THE PRESIDENT

This report covers the period from the beginning of March 2000 to the end of April 2001. An important change in the leadership of the Academy occurred in January 2001 when Bishop Diarmuid Martin was appointed Permanent Observer of the Holy See at the Office of the United Nations and Specialized Institutions in Geneva. As representative of the Pontifical Council for Justice and Peace on the Council of the Academy, Bishop Martin was replaced by the new Secretary of Justice and Peace, Monsignor Giampaolo Crepaldi. The Council of the Academy held four meetings, on 3 June 2000, 18 November 2000, 24 and 28 April 2001. It then systematically reviewed progress of the three main running programmes, and opened a fourth one.

Work and Employment

The spring of 2000 saw the completion of the manuscript of the book *Work and Human Fulfilment*, designated as 'The Jubilee Edition' in earlier reports. This book draws from the material presented and discussed at the three Sessions of 1996, 1997 and 1999. It is addressed mainly to the academic community. Search for a commercial academic publisher took more time than was expected, but finally succeeded.

Since the mission of the Academy is to enter into dialogue with the Church for the elaboration of her Social Doctrine, the Council examined how this dialogue could take a more direct form than through publications of the Academy. Hence was born the project of a Forum for an oral interchange in which some high specialists of the Social Doctrine would meet with the Academy on a well specified subject which might benefit from a further elaboration. Aiming at a meeting to be held in the spring of 2002, the Council presented to the General Assembly in April 2001 a proposal to be made by the President to the Secretary of State for the implementation of this project. The proposed theme of the Forum was 'the meaning of the priority of labour over capital in the present world'. Recognizing that it was difficult to foresee exactly how this first experiment with a Forum would run, but that it could only be instructive, the Assembly accepted the proposal of the Council.

The Study of Democracy

Following suggestions by Professor Zacher, who had been organizing the activities of the Academy in this second programme, the Council decided to explore a somewhat different route by which to improve the Academy's procedures and productions. Professor Zacher started from the observation that whereas the Academy had considered at some length during a workshop and two plenary sessions the contemporary problems of democracy, it had not yet really addressed the relationship between democracy and the Social Doctrine of the Church. In order to evaluate what had been done with direct reference to the social teaching, external experts, who had not been participants in the programme thus far, could bring a fresh eye and point to whatever was new in the Academy's contribution. With sufficient work in the meantime, a reasonable objective would be to approve at a future General Assembly, in 2003 say, a relevant document presenting the outcome of the Academy's reflections on democracy from December 1996 to February 2000.

More concretely, outside experts would each be asked to produce a report evaluating how the three volumes of proceedings help to answer three crucial questions: how far is democracy a value for Christians? What should be the teaching of the Church about the complementary roles of the state and civil society? What should it be about the new need for principles required by the development of international institutions? In possession of the reports of the outside experts, a small group of Academicians would be in a good position to make a first draft of the document to be considered by the General Assembly. The reports and the draft would be discussed in a workshop, in 2002 say, before finalization of the main document for approval in 2003.

Globalization

Last year's report explained at length the purpose of the programme on the social dimensions of globalization and the difficulties faced by the workshop held in February 2000 when it had to reach definite proposals about the scientific programme of the 2001 plenary session. In these proceedings papers and invited comments are published and the reader will find an extensive documentation on what was discussed under the title 'Globalization and the Common Humanity: Ethical and Institutional Concerns'.

The Academy now needs to reflect on what it can most usefully do during the next few years in order to investigate further the same broad theme. This is on its agenda again and provides the focus of the scientific programme to be organized for the 2003 plenary session. The main ideas for the orientation of future activities are certainly to be found in the exchange of views which took place during the concluding discussion held on 28 April 2001. The discussion was introduced by Professor Roland Minnerath who not only surveyed how he understood the various papers and the reactions of participants but also proposed an intellectual framework within which future investigations of the Academy ought to take place.

Speaking under the title 'globalization and ethics or the ethic of globalization?', Professor Minnerath distinguished three main fields of tension between the Social Teaching of the Church on globalization and the analyses provided by social sciences: the diagnosis of the globalization phenomenon, the control of globalization, and the emergence of common values in a globalized world. With respect to this framework, the main function of the Academy obviously is to present a proper and relevant account of scientific analyses and to suggest how they might be usefully sharpened or supplemented.

Clearly this natural function ought not to serve in the same way in the three fields of tension. A dominant and transversal concern was, however, well expressed in the subsequent discussion, namely that the Academy should enter more deeply, and with higher standards of rigour, into the analysis of the main issues. Even at the descriptive stage, situations are known to be more complex than is often affirmed. More and more social scientists manage to characterize this complexity. For instance, poverty has several dimensions everywhere and they differ from one region to another, implying different cultures of poverty.

Next, it must be recognized that pure descriptions do not suffice. Explanations matter at least as much. We need to know what are exactly, in observed trends, the role of globalization, as against those of other factors, for instance national institutions and policies, or the occurrence of domestic or international conflicts. We need to analyse which features of globalization are particularly damaging or helpful for the promotion of human values. We need to know in which way and under which conditions national governance or the international control of globalization can achieve some intended results. Again, much more is available in the scientific literature than could be drawn attention to in a single session.

The view was also expressed that the present procedures of the Academy are not fully appropriate. Debates were closed too quickly, before clear conclusions had been drawn, or even simply before differences in interpretations had been well identified. The interference of such procedural issues in a young Academy is natural. It is even healthy as long as ways are found to achieve procedural improvements. In this respect, advantage must be taken of the fact that the content and tempo of the programme of future activities about globalization are still matters for decision.

Intergenerational Solidarity

The initial intentions of the Academy, as formulated at the first plenary session of 1994, were to study not only 'work and employment' and 'democracy' but also 'intergenerational solidarity'. But meetings on the three subjects listed above delayed the full implementation of these initial intentions. The Council decided in November 2000 that the Academy should shortly undertake its programme on intergenerational solidarity and that a workshop would be held in the spring of 2002, the purpose being to examine how the programme on intergenerational solidarity should be focused and patterned in the near future.

Since the initial discussions of 1994 there has been some uncertainty about the exact scope of this programme. In particular, three questions have been raised. Should the whole set of problems posed by the development and/or reform of 'the welfare state' be considered as belonging to the list of issues that the Academy ought to take up in the near future? These problems were occasionally approached in past years when democracy or work and employment were the main focus, but a clearer view of what the Academy intends to study about them is now needed.

How should the Academy define the purpose of its examination of the family and delineate the contours of the family problems which it ought to tackle? There are a number of aspects which definitely belong to the field of intergenerational solidarity and to which social scientists might usefully contribute: the role of families in the education of children and teenagers, in the support of parents and old-age members, and in the provision of a better social safety net than may otherwise be available. Should the Academy limit its purpose in the immediate future to those aspects? Should the list of problems to be investigated during the next few years also include those concerning behaviour and policies bearing upon the natural environment? The question will be explicitly faced at the 2002 workshop, which more generally will have to draw up a proposal for the programme on intergenerational solidarity during the coming years.

Edmond Malinvaud

SCIENTIFIC PAPERS

THE CHURCH'S VIEW ON GLOBALISATION*

JOHANNES SCHASCHING

I. THE HISTORICAL BACKGROUND

Historically speaking, a dual tendency in relation to globalisation can be observed in the Social Teaching of the Catholic Church. Firstly, there is the question of contents. The first social encyclicals confined themselves to the social problems of the industrialised countries (*Rerum Novarum,* 1891; *Quadragesimo Anno,* 1931). *Mater et Magistra* (1961) then extended the realm of concern to the developing countries. This enlargement of the focus was continued in *Populorum Progressio* (1967), *Laborem Exercens* (1981), and in a special way in *Sollicitudo Rei Socialis* (1987), a document which used the critical expression 'structures of sin'. After the fall of Communism, *Centesimus Annus* offered a global approach for the achievement of a just economic, social and political order.

Secondly, there is the question of those to whom the encyclicals were especially addressed. The first social encyclical was intended primarily for the Hierarchy. *Quadragesimo Anno* extended the range to all Catholics and *Pacem in Terris* (1963) was addressed to 'all men of good will'. Pope John Paul II, in his social encyclicals *Sollicitudo Rei Socialis* and *Centesimus Annus*, insisted on the need for close cooperation between all Christians but also between the great religions of the world and all men of good will.

*As Professor Sabourin has explained, Father Schasching kindly agreed to take the place of Monsignor Martin who, because of his recent appointment as Permanent Observer of the Holy See at the Geneva offices of the United Nations, was no longer able to attend. The original purpose was a brief presentation of a document previously published by the Academy and available to both Academicians and outside experts present at the session: Diarmuid Martin, 'Globalisation in the Social Teaching of the Church', Pontificiae Academiae Scientiarum Socialium, Miscellanea 2, Vatican City 2000. (E.M.)

What this historical development means is that there has been a growing move in Catholic Social Teaching towards a global view of social problems and at the same time an increasing call for global cooperation.

II. The Contemporary view of the Church on globalisation

It is profitable to quote *Centesimus Annus*: 'Today we are facing the so-called 'globalisation of the economy', a phenomenon which is not to be dismissed, since it can create unusual opportunities of greater prosperity. There is a growing feeling, however, that this increasing internationalisation of the economy ought to be accompanied by effective international agencies which will oversee and direct the economy to the common good, something that an individual State, even if it were the most powerful on earth, would not be in a position to do. In order to achieve this result, it is necessary that there be increased coordination among the more powerful countries, and that in international agencies the interests of the whole human family be equally represented. It is also necessary that in evaluating the consequences of their decisions, these agencies always give sufficient consideration to peoples and countries which have little weight in the international market but which are burdened by the most acute and desperate needs, and are thus more dependent on support for their development. Much remains to be done in this area' (58).

It has to be noted that this passage is primarily concerned with economic globalisation but it is evident from the whole context that globalisation in Catholic Social Teaching has a more general meaning. This can be summarised in the following way:

Firstly: Catholic Social Teaching sees globalisation as an instrument by which to further the well-being of mankind, an ethical principle which has always been defended by that teaching.

Secondly: the free national market does not automatically guarantee the common good and it thus requires laws and rules. This requirement does not only apply to national markets. Globalised markets, equally, require a legal framework and legal direction.

Thirdly: in a global market this can not be done on a purely national level but requires international agreements and institutions. Catholic Social Teaching is aware that this is a very difficult task. It says explicitly that this can be achieved only if the major economic powers and leading countries agree. However, these countries are not only under political pressure, they are also under economic pressure: for instance, the pressure of the financial markets.

Fourthly: this control of the global market should be safeguarded not only by national and international authorities but also by social forces. This corresponds to the principle of subsidiarity which affirms that the intermediate forces between the individual and the state have the primary role in ordering the free market towards the common good.

Fifthly: in all these efforts special attention should be paid to developing countries. This means that the advantages of globalisation should not be restricted to the privileged countries, for instance the United States of America, the nations of Western Europe, and Japan, but extended in a particular way to countries and continents which have not yet entered, or are not yet ready for entry into, the competition of the global market.

Sixthly: Catholic Social Teaching is convinced that globalisation requires a substantial number of economic and political measures. But it is at the same time of the view that these political and economic measures have to be based upon ethical principles and motivations. The main question which presents itself here is the sources and providers of these ethical values. It is important for Catholic Social Teaching in this context to invoke a new ecumenical spirit. This is because it is convinced that the challenges of the new globalisation can only be met by an ecumenical effort on the part of the Christian Churches, the great religions of the world, and all men of good will.

Conclusion: globalisation is a challenge not only for the economic, social and political forces of society and the world. It is also a challenge for the Social Teaching of the Church. This teaching has progressed from a rather limited point of view to a growing awareness of the new challenges of globalisation. But, as the encyclical *Centesimus Annus* observes, 'much remains to be done' (58), for instance as regards the influence of the financial markets, the growing gap between the rich and the poor, the open question of intergenerational solidarity, and the protection of nature and the environment.

FIRST SESSION

Globalization and Human Development: Ethical Approaches

INTRODUCTORY STATEMENT BY THE COMMITTEE FOR RELATIONS WITH DEVELOPING COUNTRIES

JERZY ZUBRZYCKI

The title of the VII Session of the Academy refers to the topic which rarely features in the debate on globalization – namely the ethical dimension of this phenomenon. In deliberately choosing this particular wording, we give testimony to the Academy's specific task – to move the discussion of globalization beyond the realm of concepts as we face up to the huge gap between the sophistication of the dominant economic model called globalization and the traditional thinking based on the nation state.

By focussing on the ethical assessment of globalization, we aim at an investigation of the morality by which human conduct, that of the principal actors of the drama called globalization, is guided and appraised. In doing this we are reminded of an ethical assessment that Hannah Arendt made of that epoch marking event which she considered in *On Revolution* where she wrote that 'the men of the eighteenth century did not know that there exists goodness beyond virtue and evil beyond vice'. For our purpose the investigation will focus on the largest segment of the human family which we call 'the developing countries'. Unashamedly we shall be concerned with the impact of globalization on the developing countries assessed as being good or evil.

The underlying assumption of this enquiry with its dominant moral dimension is the Academy's strongly held belief in a common humanity.[1] The people of the developing countries – at one time unjustly referred to as the 'Third World' – share a common humanity with the rest of the human

[1] The concept of 'common humanity' is used extensively in the treatise on moral philosophy by Raimond Gaita, *A Common Humanity: Thinking about Love and Truth and Justice*, Text Publishing Melbourne, 1999.

family. And in putting forward this proposition we argue that if 'human being' meant only *homo sapiens* then the term could play no moral role. On the contrary we believe that the good Samaritan acted the way he did because he saw the humanity of the man on the roadside. More than that, the good Samaritan perceived the commonality between himself and the man in the ditch because he and the man were capable of an inner life.

Unless we are lucid about the reality of our inner lives, we shall not comprehend fully the depth of our common humanity and a universal ethic based on a sense of the commonness of human experience. Its essence, as Herbert Schambeck argues in his paper on the ontological foundation of the law safeguarding human dignity, is the spiritual basis of fundamental human rights. The recognition of this truth might help the Academy in its task of assessing the good and evil of globalization.

GLOBALIZATION AND HUMAN DEVELOPMENT: ETHICAL APPROACHES*

DAVID A. CROCKER

The Nature of Development Ethics

National policymakers, project managers, grassroots communities, and international aid donors involved in development in poor countries often confront moral questions in their work. Development scholars recognize that social-scientific theories of 'development' and 'underdevelopment' have ethical as well as empirical and policy components. Development philosophers and other ethicists formulate ethical principles relevant to social change in poor countries, and they analyze and assess the moral dimensions of development theories and seek to resolve the moral quandaries raised in development policies and practice. Among numerous salient questions, one can ask: In what direction and by what means should a society 'develop'? Who is morally responsible for beneficial change? What are the obligations, if any, of rich societies (and their citizens) to poor societies? How should globalization's impact and potential be assessed ethically?

* I presented the first half of this paper in the Inter-American Development Bank's 'International Meeting: Ethics and Development', held December 7-8, 2000 in Washington, D.C. and in the Forum Toward an Ethics of Development', Caracas, Venezuela, February 22-23, 2001. That paper was adapted from 'Development Ethics' in Edward Craig, ed., *Routledge Encyclopedia of Philosophy,* vol. 3 [London: Routledge, 1998]: 39-44). I gave an earlier version, 'What is Development Ethics?' in the Conference 'Ethics, Development, and Global Values', University of Aberdeen, Scotland, June 25-28, 1996. For helpful comments on various drafts, I thank Roger Crisp, David P. Crocker, Edna D. Crocker, Nigel Dower, Jay Drydyk, Arthur Evenchik, Des Gasper, Verna Gehring, Denis Goulet, Xiaorong Li, Toby Linden, and Jerome M. Segal.

Sources

One finds several sources for moral assessment of the theory and practice of development. First, beginning in the 1940s, activists and social critics – such as Mohandas Gandhi in India, Raúl Prébisch in Latin America, and Frantz Fanon in Africa – criticized colonialism and orthodox economic development. Second, since the early 1960s, American Denis Goulet – influenced by French economist Louis-Joseph Lebret and social scientists such as Gunner Myrdal – has argued that 'development needs to be redefined, demystified, and thrust into the arena of moral debate' (Goulet 1971, p. xix). Drawing on his training in continental philosophy, political science and social planning as well as on his extensive grassroots experience in poor countries, Goulet was a pioneer in addressing 'the ethical and value questions posed by development theory, planning, and practice' (Goulet 1977, p. 5). One of the most important lessons taught by Goulet, in such studies as *The Cruel Choice: A New Concept in the Theory of Development* (1971), is that so-called 'development', because of its costs in human suffering and loss of meaning, can amount to 'anti-development' (Cf. Berger 1974).

A third source of development ethics is the effort of Anglo-American moral philosophers to deepen and broaden philosophical debate about famine relief and food aid. Beginning in the early seventies, often in response to Peter Singer's utilitarian argument for famine relief (1972) and Garrett Hardin's 'lifeboat ethics' (1974), many philosophers debated whether affluent nations (or their citizens) have moral obligations to aid starving people in poor countries and, if they do, what are the nature, bases, and extent of those obligations (see Aiken and LaFollette 1996). By the early eighties, however, moral philosophers, such as Nigel Dower, Onora O'Neill, and Jerome M. Segal, had come to agree with those development specialists who for many years had believed that famine relief and food aid were only one part of the solution to the problems of hunger, poverty, underdevelopment, and international injustice. What is needed, argued these philosophers, is not merely an ethics of aid but a more comprehensive, empirically informed, and policy relevant 'ethics of Third World development'. The kind of assistance and North/South relations that are called for will depend on how (good) development is understood.

A fourth source of development ethics is the work of Paul Streeten and Amartya Sen. Both economists have addressed the causes of global economic inequality, hunger, and underdevelopment and addressed these problems with, among other things, a conception of development explicitly based on ethical principles. Building on Streeten's 'basic human needs' strategy, Sen argues that development should be understood ultimately not as economic growth, industrialization, or modernization, which are at best means (and sometimes not very good means), but as the expansion of people's 'valuable capabilities and functionings':

> The valued functionings can vary from such elementary ones as avoiding mortality or preventable morbidity, or being sheltered, clothed, and nourished, to such complex achievements as taking part in the life of the community, having a joyful and stimulating life, or attaining self-respect and the respect of others (Sen 1997; see Nussbaum and Sen 1993, Nussbaum and Glover 1995, Crocker 1998, Sen 1999, and Nussbaum 2000).

These four sources have been especially influential in the work of Anglo-American development ethicists. When practiced by Latin Americans, Asians, Africans and non-Anglo Europeans, development ethics often draws on philosophical and moral traditions distinctive of their cultural contexts. See, for example, the writings of Luis Camacho (Costa Rica), Godfrey Gunatilleke (Sri Lanka), Kwame Gyekye (Ghana), and Bernardo Kliksberg (Argentina).

Areas of Consensus

Although they differ on a number of matters, development ethicists exhibit a wide consensus about the commitments that inform their enterprise, the questions they are posing and the unreasonableness of certain answers. Development ethicists typically ask the following related questions:

What should count as (good) development?

Should we continue using the concept of development instead of, for example, 'progress', 'transformation', 'liberation', or 'post-development alternatives to development' (Escobar 1995)?

What basic economic, political and cultural goals, and strategies should a society or political community pursue, and what principles should inform their selection?

What moral issues emerge in development policymaking and practice and how should they be resolved?

How should the burdens and benefits of development be conceived and distributed?

Who (or what institutions) bear responsibility for bringing about development – a nation's government, civil society, or the market? What role – if any – should more affluent states, international institutions, and non-governmental associations and individuals have in the self-development of poor countries?

What are the virtues (and vices) of citizens and development agents?

What are the most serious local, national, and international impediments to and opportunities for good development? For example, what are the most relevant theories and forms of globalization and how should their promise and risks be assessed from a moral point of view?

To what extent, if any, do moral skepticism, moral relativism, national sovereignty, and political realism pose a challenge to this boundary-crossing ethical inquiry?

Who should decide these questions and by what methods? What are the roles of theoretical reflection and public deliberation?

In addition to accepting the importance of these questions, most development ethicists share ideas about their field and the general parameters for ethically based development. First, development ethicists contend that development practices and theories have ethical and value dimensions and can benefit from explicit ethical analysis and criticism. Second, development ethicists tend to see development as a multidisciplinary field that has both theoretical and practical components that intertwine in various ways. Hence, development ethicists aim not merely to understand the nature, causes, and consequences of development – conceived generally as desirable social change – but also to argue for and promote specific conceptions of such change. Third, although they may understand the terms in somewhat different ways, development ethicists are committed to understanding and reducing human deprivation and misery in poor countries and regions. Fourth, a consensus exists that development projects and aid givers should seek strategies in which both human well-being and a healthy environment jointly exist and are mutually reinforcing (Engel and Engel 1990; Lee et al 2000).

Fifth, these ethicists are aware that what is frequently called 'development' – for instance, economic growth – has created as many problems as it has solved. 'Development' can be used both descriptively and normatively. In the descriptive sense, 'development' is usually identified as the processes of economic growth, industrialization, and modernization that result in a society's achievement of a high or improving (per capita) gross domestic product. So conceived, a 'developed' society may be either celebrated or criticized. In the normative sense, a developed society – ranging from villages to national and regional communities as well as the global order – is one whose established institutions realize or approximate (what the proponent believes to be) worthwhile goals – most centrally, the overcoming of economic and social deprivation. In order to avoid confusion, when a normative sense of 'development' is meant, the noun is often preceded by a positive adjective such as 'good', 'authentic', or 'ethically justified'.

A sixth area of agreement is that development ethics must be conducted at various levels of generality and specificity. Just as development debates occur at various levels of abstraction, so development ethics should assess (1) basic ethical principles; (2) development goals and models such as 'economic growth', 'growth with equity', 'a new international economic order', 'basic needs', and, most recently, 'sustainable development', 'structural adjustment', and 'human development'? (United Nations Development Programme); and (3) specific institutions, projects, and strategies.

Seventh, most development ethicists believe their enterprise should be international in the triple sense that the ethicists engaged in it come from many nations, including poor ones; that they are seeking to forge an international consensus; and that this consensus emphasizes a commitment to alleviating worldwide deprivation.

Eighth, although many development ethicists contend that at least some development principles or procedures are relevant for any poor country, most agree that development strategies must be contextually sensitive. What constitutes the best means – for instance, state provisioning, market mechanisms, civil society, and their hybrids – will depend on a political community's history and stage of social change as well as on regional and global forces, such as globalization and international institutions.

Ninth, this flexibility concerning development models and strategies is compatible with the uniform rejection of certain extremes. Ethically-based development is not exclusive: it offers and protects development benefits for everyone in a society – regardless of their religion, gender, ethnicity, economic status, or age. Moreover, most development ethicists would repudiate two models: (1) the maximization of economic growth in a society without paying any direct attention to converting greater opulence into better human living conditions for its members, what Sen and Jean Dréze call 'un-aimed opulence'? (Sen and Dréze 1989), and (2) an authoritarian egalitarianism in which physical needs are satisfied at the expense of political liberties.

Controversies

In addition to these points of agreement, one also finds several divisions and unsettled issues. A first unresolved issue concerns the scope of development ethics. Development ethics originated as the 'ethics of Third World Development'. There are good reasons to drop – as a Cold War relic – the 'First-Second-Third World' trichotomy. There is no consensus, however, on whether or not development ethics should extend beyond its central concern of assessing the development ends and means of poor societies.

Some argue that development ethicists should criticize human deprivation wherever it exists and that rich countries and regions, since they too have problems of poverty, powerlessness, and alienation, are – at least in part – 'underdeveloped' and, hence, fall properly within the scope of development ethics. Perhaps the socioeconomic model that the North has been exporting to the South results in the underdevelopment of both. Moreover, just as the (affluent) North exists in the (geographic) South, so the (poor) South exists in the (geographic) North. Others argue that attention to Northern deprivation would divert development ethicists from the world's most serious destitution (in poor countries). My own view is that this latter position is defective in two ways. It falsely assumes that the most severe deprivation occurs in poor countries when in fact, as Sen points out, 'the extent of deprivation for particular groups in very rich countries can be comparable to that in the so-called third world' (Sen, 1999, p. 21). Second, Northern and Southern poverty reduction are linked; migrants from the South making money in the North send valuable remittances to their families back home. Finally, increasingly prevalent is the application to destitution in the North of development lessons learned from 'best practices' in the South (as well as vice versa).

It is also controversial whether development ethicists, concerned with rich country responsibility and global distributive justice, should restrict themselves to official development assistance or whether they also should treat international trade, capital flows, migration, environmental pacts, military intervention, and responses to human rights violations committed by prior regimes. The chief argument against extending its boundaries in these ways is that development ethics would thereby become too ambitious and diffuse. If development ethics grew to be identical with all social ethics or all international ethics, the result might be that insufficient attention would be paid to alleviating *poverty and powerlessness* in poor countries. Both sides agree that development ethicists should assess various kinds of North-South (and South-South) relations and the numerous global forces, such as globalization, that influence poverty as well as economic and political inequality in poor countries. What is unresolved, however, is whether development ethics also should address such topics as trade, the internet, drug trafficking, military intervention, the conduct of war, peace keeping, and the proposed international criminal court when – or to the extent that – these topics have no causal relationship to absolute or relative poverty.

Development ethicists also are divided on the status of the moral norms that they seek to justify and apply. Three positions have emerged. Universalists, such as utilitarians and Kantians, argue that development goals and principles are valid for all societies. Particularists, especially communitarians and postmodern relativists, reply that universalism masks ethnocentrism and (Northern) cultural imperialism. Pro-development particularists either reject the existence of universal principles or affirm only the *procedural* principle that each nation or society should draw only on its own traditions and decide its own development ethic and path (Anti-development particularists, rejecting both change brought from the outside and public reasoning about social change, condemn all development discourse and practice). A third approach – advanced, for example, by Amartya Sen, Martha Nussbaum, Jonathan Glover, Seyla Benhabib, and David Crocker (Nussbaum and Glover 1995) – tries to avoid the standoff between the first two positions. Proponents of this view insist that development ethics should forge a cross-cultural consensus in which a political community's own freedom to make development choices is one among a plurality of fundamental norms. Further, these norms are sufficiently general to permit and also *requir*e sensitivity to societal differences.

One must also ask a question related to the universalism/particularism debate: to what extent, if any, should development ethicists propose visions committed to a certain conception of human well-being or flourishing, and how thick or extensive should this vision be? There is a continuum here: at one end of the range, one finds a commitment to the values of individual choice, tolerance of differences, and public deliberation about societal ends and means; on the other end, one finds normative guidance about the good human life but less tolerance for individual and social choice.

Even supposing that development principles have some substantive content (beyond the procedural principle that each society or person should decide for itself), there remain disagreements about that content. If one accepts that societal development concerns human development, one still must explore the moral categories crucial to human well-being and development. Candidates for such fundamental moral notions include utility (preference satisfaction); social primary goods (Rawls), such as income and wealth; negative liberty (Nozick, Bauer); basic human need (Streeten); autonomy (O'Neill); valuable capabilities and functionings (Sen); and rights. Although some think that a development ethic ought to include more than one of these moral concepts, development ethicists differ about which among these values ought to have priority. The alternative that I favor endorses the development of an understanding of *minimal human well-being* (not flourishing) that combines, on the one hand, a neo-Kantian commitment to autonomy and human dignity, critical dialogue, and public deliberation with, on the other hand, neo-Aristotelian beliefs in the importance of physical health and social participation. Development duties might then flow from the idea that all humans have the right to a minimal level of well-being, and various institutions have the duty to secure and protect this well-being as well as restore it when lost. One also finds an ongoing debate about how development's benefits, burdens, and responsibilities should be distributed within poor countries and between rich and poor countries. Utilitarians prescribe simple aggregation and maximization of individual utilities. Rawlsians advocate that income and wealth be maximized for the least well-off (individuals or nations). Libertarians contend that a society should guarantee no form of equality apart from equal freedom from the interference of government and other people. Capabilities ethicists defend governmental and civil responsibility to *enable* everyone to advance to a level of sufficiency (Sen, Crocker) or flourishing (Nussbaum) with respect to the valuable functionings.

Development ethicists also differ about whether (good) societal development should have – as an ultimate goal – the promotion of values other than the present and future human good. Some development ethicists ascribe intrinsic value equal to – or even superior to – the good of individual human beings, and to such human communities as family, nation or cultural group. Others argue that non-human individuals and species, as well as ecological communities, have equal and even superior value to human individuals. Those committed to 'eco-development' or 'sustainable development' do not yet agree on what should be sustained as an *end in itself* and what should be maintained as an indispensable or merely *helpful means*. Nor do they agree on how to surmount conflicts among competing values.

Finally, one finds disagreement over the roles of expert advice versus popular agency, especially in resolving moral conflicts. On the one hand, people's beliefs and preferences are at times deformed by tradition and by efforts to cope with deprivation. On the other hand, many experts believe in an 'agent-oriented view' of development:

> With adequate social opportunities, individuals can effectively shape their own destiny and help each other. They need not be seen

> primarily as passive recipients of the benefits of cunning development programs. There is indeed a rationale for recognizing the positive role of free and sustainable agency – and even of constructive impatience (Sen, 1999, p. 11).

Globalization and Development Ethics

Development ethics faces the new and pressing task of understanding and ethically evaluating 'globalization' and proposing ethically appropriate institutional responses to this complex and contested phenomenon. The debate about globalization in the last few years reminds one of earlier controversies about development. Like the term 'development' in the 60's through mid-90's, 'globalization' has become a cliché and buzzword that the mainstream celebrates and dissenters condemn. Moreover, like `development' earlier, 'globalization' challenges ethicists to move beyond simplistic views – such as 'globalization is (exceedingly) good' or 'globalization is (terribly) bad' – and analyze leading interpretations of the nature, causes, consequences, and value of globalization. Development ethicists, committed to understanding and reducing human deprivation, will be especially concerned to assess (and defend norms for assessing) globalization's impact on individual and communal well-being and to identify those types of globalization that are *least threatening to* or *most promising for* human development.

It is important to ask and sketch the answers to four questions about globalization:

What is globalization?

What are the leading interpretations of globalization? Does globalization result in the demise, resurgence, or transformation of state power? Does globalization eliminate, accentuate, or transform the North/South divide?

How should (different sorts of) globalization be assessed ethically? Does globalization (or some its different varieties) undermine, constrain, enable, or promote ethically defensible development?

Can and should globalization be resisted, contested, modified, or transformed? If so, why? And, finally, how should globalization be humanized and democratized?

What is Globalization?

First, what should we mean by 'globalization'? Just as it is useful to demarcate development generically as 'beneficial and voluntary social change' prior to assessing particular normative approaches to the ends and means of development, so it is helpful to have a (fairly) neutral concept of globalization. David Held, Anthony McGrew, David Goldblatt, and Jonathan Perraton have suggested an informal definition useful for this purpose:

> Globalization may be thought of as the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual' (Held et all, 1993, p. 2).

More formally, the same authors characterize globalization as

> A process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generation of transcontinental or interregional flows and networks of activity, interaction, and the exercise of power' (Held et all, 1999, p. 16).

Three Interpretations of Globalization

Interpretations or theories of globalization – which all contain historical, empirical, and normative components – differ with respect to (i) the number, variety, and relation of processes or flows, for example, tokens (money), physical artefacts, people, symbols, and information; (ii) causation: monocausal or reductive (economic or technological) approaches versus multi-causal or non-reductive approaches; (iii) character: inevitability versus contingency and open-endedness; (iv) consequences, for example, the impact on state sovereignty and the division of countries into North or South; (v) desirability (and criteria for assessment).

Although no one generally accepted theory of globalization has emerged, at least three interpretations or models of globalization are available for consideration. Following Held et al, I label these approaches (i) hyperglobalism, (ii) skepticism, and (iii) transformationalism (Held et al, 1999, pp. 2-16).

(i) *Hyperglobalism*, illustrated by K. Ohmae and Thomas L. Friedman, conceives of globalization as a new global age of economic (capitalist) integration – open trade, global financial flows, and multinational corporations. Driven by capitalism, communications, and transportation technology, integration into one world market is increasingly eroding state power and legitimacy. The North/South dichotomy will be rapidly replaced by a global entrepreneurial order structured by new global 'rules of the game', such as those of the World Trade Organization (WTO). Although for hyperglobalism there are short-term winners and losers, the rising global tide will eventually lift all national and individual boats — except for those who resist the all-but-inevitable progress. As Dani Rodrik observes, 'global integration has become, for all practical purposes, a substitute for a development strategy' (Rodrik, 2001, p.55). According to this view, governmental attention and resources should be focused on rapidly (and often painfully) removing tariffs and other devices that block access to the globalizing world. Tony Blair succinctly expresses the hyperglobalist faith:

[We] have an enormous job to do to convince the sincere and well-motivated opponents of the WTO agenda that the WTO can be, indeed is, a friend of development, and that far from impoverishing the world's poorer countries, trade liberalization is the only sure route to the kind of economic growth needed to bring their prosperity closer to that of the major developed economies. (quoted in Rodrik, 2001, p. 57).

(ii) *Skepticism* rejects hyperglobalism's view that global economic integration is (or should be) taking place and that states are getting weaker. Skeptics argue that regional trading blocks are (or should be) getting stronger, resurgent fundamentalisms either insulate themselves from or clash with alien cultures, including those shaped by North Atlantic consumerism, and that national governments are (or should be) getting stronger. These skeptics of hyperglobalism include P. Hirst and G. Thompson (*Globalization in Question*) and Samuel Huntington (*The Clash of Civilizations and the Remaking of the World Order*). In a more explicitly normative version of skepticism, Herman Daly concedes that hyperglobalist trends exist but he argues that states should be 'brought back in', should resist economic openness, and should emphasize national and local well-being. Instead of extinguishing the North/Side divide, skeptics argue that economic integration, cross-boundary financial investment, the digital revolution, and multinationals mire poor countries in the South in even greater poverty. Rodrik, for example, argues:

By focusing on international integration, governments in poor nations divert human resources, administrative capabilities, and political capital away from more urgent development priorities such as education, public health, industrial capacity, and social cohesions. This emphasis also undermines nascent democratic institutions by removing the choice of development strategy from public debate (Rodrik, 2001, p. 55).

Marxist skeptics, contend that the hyperglobalist thesis is a myth perpetrated by rich and developed countries to maintain and deepen their global dominance over poor countries. Countries – especially poor and transitional ones – must resist the Sirens of economic and cultural openness; instead, they should aim for national or regional sufficiency and develop themselves by their own lights. Authoritarian skeptics endorse efforts – such as those by Hugo Chavez in Venezuela or Fidel Castro in Cuba – to centralize power, bring top-down improvement in living standards, and weaken civil society. Democratic skeptics promote dispersed and local control, target health and education, and promote public deliberation about development ends and means. Both variants conceive of globalization as something inimical to genuine development.

(iii) *Transformationalism*, such as Held and his colleagues advocate, conceives of recent globalization as an historically unprecedented and powerful set of processes (with multiple causes) that is making the world more interconnected and organizationally multileveled. They argue that it is too simple to say that states are either being eroded or reinforced – it is more accurate to conclude that states are (and should be) reconstituting themselves in a world order increasingly populated by global and regional economic, political (regulatory), cultural institutions, and by social movements.

Transformationalists insist that globalization is not one thing – and certainly not merely economic – but many processes with diverse consequences. The new economic (trade, finance, MNCs), political, cultural, criminal, and technological global processes proceed on multiple, sometimes inter-linked, and often uneven tracks. Rather than being inexorable and unidirectional, globalization is contingent, open, and multidirectional. Rather, than uniformly integrating communities, globalization results in new global and regional exclusions as well as novel inclusions, new winners and new losers. The nation state is increasingly reconstituted in relation to regional, hemispheric, and global institutions; the old North/South dichotomy is being replaced by a trichotomy of elite/contented/marginalized that cuts across the old North/South polarity (and justifies development ethics confronting poverty wherever it exists):

> North and South are increasingly becoming meaningless categories: under conditions of globalization distributional patterns of power and wealth no longer accord with a simple core and periphery division of the world, as in the early twentieth century, but reflect a new geography of power and privilege which transcends political borders

> and regions, reconfiguring established international and transnational hierarchies of social power and wealth (Held et al, p. 429).

Just as development ethicists have stressed that development – while complex and multi-causal – is a pattern of institutionalized human activity that can and should be a matter of voluntary and humanizing collective choice, so transformationalists emphasize that globalization can and should be civilized and democratized. Transformationists insist that a globalizing world shows neither the intrinsic good that the hyperglobalists celebrate nor the unmitigated evil that the skeptics worry about. Instead, globalization at times impedes, and at times enables, good human and communal development.

Ethical Assessment of Globalization

Regardless of how globalization – its nature, causes, and consequences – is understood, development ethics must evaluate it ethically. Throughout its history development ethics has emphasized ethical assessment of the goals, institutions, and strategies of national development and constructively proposes better alternatives. In a globalizing world, development ethics takes on the additional task of offering an ethical appraisal of globalization and suggesting better ways of managing new and evolving global interconnectedness.

How is this evaluation to be done? There are both empirical and normative aspects of inquiry. Globalization's multiple, often uneven, and frequently changing influences on individuals and communities admit of empirical investigation, while deciding which consequences are ethically significant requires the application of ethical criteria and a theory of justice. Absent from much investigation into globalization are precisely the efforts to clarify and defend criteria to identify whether and in what ways globalization is good or bad for human beings, enhances or limits freedom, violates or respects human rights, unfairly or fairly distributes benefits and burdens. It is not enough to inquire *how* or *why* globalization affects human choice and institutional distribution. One must also have a reasoned normative view of what counts as beneficial and deleterious consequences, and how justice should be understood.

The most promising approach to such explicitly normative dimensions of globalization is, I believe, the capabilities perspective discussed above. Applying a conception of human well-being (understood as a plurality of capabilities and functionings that humans have good reason to value), the capabilities development ethicist can inquire into the effects different kinds of globalization on *everyone's* capabilities for living lives that are – among other things – long, healthy, secure, autonomous, socially engaged, and politically participatory. Because these valuable capabilities (or functionings) are the basis for human rights and duties, a development ethic will also examine how globalization is a help or a hindrance as individuals and institutions fulfill their moral duties to respect rights. The long-term goal of good national and global development must be to secure an adequate level of morally basic capabilities for everyone in the world – regardless of nationality, ethnicity, age, gender, or sexual preference. With a multifaceted notion of globalization, some kinds of globalization, for instance, such global phenomena as a worldwide network of illegal drug distribution, sex tourism, forced migrations, and HIV/AIDS are bad and should be resisted. Other kinds of globalization, such as the global dispersion of human rights and democratic norms, are good and should be promoted. Most kinds of globalization, such as open trade, foreign direct investments, and multinationals, are a mixed blessing. The extent to which these sorts of globalization enhance, secure, or restore human capabilities will depend on context and especially on how a national polity integrates and shapes global forces.

Although I offer no arguments in this article, I contend that a capabilities development ethic judges both hyperglobalism and skepticism as empirically one-sided and normatively deficient. Nation-states are neither obsolete entities of the past nor possess a monopoly on global agency. A globalizing world weakens some states and strengthens others, and all states find themselves interconnected. The capabilities approach challenges national and sub-national communities to protect, promote, and restore human capabilities, among them the capabilities of political participation. The capabilities approach also challenges both territorial and non-territorial political communities in two related ways. First, territorial political communities and transnational agencies – the EU, UN, WTO, World Bank, International Commission of Human Rights, Human Rights Watch, and an eventual International Criminal Court (ICC) – are responsible for setting policies that improve the chances of all persons to live decent lives. Second, these overlapping political communities should themselves be 'civilized and democratized' (Held et al, 1999, p. 444). They must be venues in which people exercise their valuable capabilities, including some kind of political participation and democratic deliberation. They should also be imaginatively restructured so as to achieve greater democratic accountability:

> National boundaries have traditionally demarcated the basis on which individuals are included and excluded from participation in decisions affecting their lives; but if many socio-economic processes, and the outcomes of decisions about them, stretch beyond national frontiers, then the implications of this are serious, not only for the categories of consent and legitimacy but for all the key ideas of democracy. At issue is the nature of a political community – how should the proper boundaries of a political community be drawn in a more regional and global order? In addition, questions can be raised about the meaning or representation (who should represent whom and on what basis?) and about the proper form and scope of political participation (who should participate and in what way?) (Held et al, 1999, pp. 446-47).

As Held and his colleagues insist, the new normative challenge is 'how to combine a system of territorially rooted [and deepened] democratic governance with the transnational and global organization of social and economic life' (Held et al, p. 431).

Humanizing and Democratizing Globalization: Three Projects

Again, following Held, one can identify three projects that have emerged to respond to this normative challenge. If development ethics has the task, as Goulet once observed, of 'keeping hope alive', one way to do so is to identify best practices and promising projects for globalization with a human and democratic face.

(i) *Liberal-Internationalism*, expressed for example in the Commission on Global Governance's *Our Global Neighborhood*, aims at incremental reform of existing the international system of sovereign nation-states, and international organizations and regimes. Popular governance takes place in nation-states in which democracy is either initiated or made more robust. In the face of cross-border threats of various kinds, nation-states cooperate in regional and global trade, and in financial, military, legal, environmental, and cultural institutions. To protect national self-interest and sovereignty, national governments try to negotiate favorable loans and loan forgiveness with international financial institutions. The International Criminal Court (ICC) will come into being when a treaty, which national delegates signed in Rome in 1998, is ratified (probably in 2002 or 2003) by 60 national governments. The ICC will have jurisdiction over war crimes and other violations of internationally-recognized human rights only when a nation-state is unwilling or unable to try its own citizens for war crimes or crimes against humanity. It is anticipated that, with the existence of the ICC, the UN will increasingly represent the will of the majority of participating states and not (so much) the members of the Security Council. Although human individuals have rights and responsibilities and international bodies have responsibilities, the rights and duties of nations are the most fundamental.

(ii) R*adical republicanism*, represented by Richard Falk's *On Humane Governance: Toward a New Global Politics*, and many anti-globalizers, seeks to weaken – if not dismantle – existing nation-states and international institutions in favor of self-governing *alternative* communities committed to the public good and harmony with the natural environment. Giving priority to the empowerment of grassroots and indigenous communities that resist and struggle against the many forms of globalization, this bottom-up approach (ironically enough) utilizes communications technology to enable grassroots groups to become a global civil society of concern and action. One can anticipate that institutions such as the World Bank will become obsolete or decentralized. An elite-dominated ICC would be no better and perhaps worse than national judicial processes. Indigenous communities, whether or not located within only one nation-state, should govern themselves according to their own rules and traditions. Democracy, largely direct and local, must operate on the basis of consensus.

(iii) *Cosmopolitan democracy* seeks to 'reconstitute' rather than reform (liberal-internationalism) or abolish (radical republicanism) the current system of global governance. This reconstitution, to be guided by an evolving 'cosmopolitan democratic law', consists in a 'double democratization' (Held et al, 1999, p. 450). First, nation-states should either initiate or deepen and widen both direct and representative popular rule. Such internal democratization will include some devolution of power to constituent territorial units and civil society. Rather than merely a democracy from above, public debate and democratic deliberation will take place robustly in various sub-national political and civil communities (some of which extend beyond national boundaries). Second, one can anticipate that nation-states would come to share sovereignty with transnational bodies of various sorts (regional, intercontinental, and global), and these bodies themselves would be brought under democratic control. Although the details will vary with the organization, this cosmopolitan democratizing will institutionalize popular and deliberative participation in institutions such as the UN and the WTO, in regional development banks and international financial institutions, and in the ICC and such bodies as NAFTA.

Necessary for this institutional democratization will be new and complex individual moral identities, and a new ideal of multiple citizenship. People will no longer view themselves as nothing more than members of a particular local, ethnic, religious, or national group, but rather as human beings with responsibilities for all people. And one can anticipate that citizenship will become multi-layered and complex – from neighborhood citizenship, through national citizenship (often in more than one nation-state), to regional and 'cosmopolitan citizenship':

> Citizenship in a democratic polity of the future, it is argued, is likely to involve a growing mediating role: a role which encompasses dialogue with the traditions and discourses of others with the aim of expanding the horizons of one's own framework of meaning and increasing the scope of mutual understanding. Political agents who can 'reason from the point of view of others' will be better equipped to resolve, and resolve fairly, the new and challenging transboundary issues and processes that create overlapping communities of fate (Held et al, 1999, p. 449).

Regardless of scope, citizenship is neither trivial nor absolute. Each kind of citizenship is partially constituted by a commitment to human rights, including the right of democratic participation, and the duty to promote human development at every level of human organization:

> Democracy for the new millennium must allow cosmopolitan citizens to gain access to, mediate between and render accountable the social, economic and political processes and flows that cut across and transform their traditional community boundaries. The core of this project involves reconceiving legitimate political authority in a manner which disconnects it from its traditional anchor in fixed borders and delimited territories and, instead, articulates it as an attribute of basic democratic arrangements or basic democratic law which can, in principle, be entrenched and drawn on in diverse self-regulating associations – from cities and subnational regions, to nation-states, regions and wider global networks (Held et al, 1999, p. 450).

What is the relation between these three political projects for humanely responding to globalization? Although they have different emphases and normative commitments, the three projects can be seen as compatible. Liberal-internationalism has current institutional salience and can become a platform for (as well as a constraint on) the more substantive changes that cosmopolitan democracy requires. Cosmopolitan democrats share many democratic and participatory values with radical republicans, but the former judge the latter as too utopian about grassroots reform that is not accompanied by 'double democratization' and too pessimistic about the democratic potential of transnational institutions.

Insofar as the globalization processes are neither inexorable nor fixed, development ethics must also consider the kinds of globalization most likely to benefit human beings. Again, such an inquiry requires that one have criteria for normative appraisal as well as a basis for assigning duties as to the various agents of development and globalization.

The challenges of globalization expand – rather than narrow – the agenda of development ethics. Interdisciplinary and cross-cultural dialogue and forums of democratic deliberation allow development ethics to *understand and secure* genuinely human development at all levels of political community and in all kinds of regional and global institutions.

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RENÉ RÉMOND

Mon commentaire sera celui d'un historien porté par métier à inscrire les faits contemporains dans la durée et attentif à démêler les parts respectives de l'ancien et du nouveau. Ce tour d'esprit s'appliquera à la mondialisation, terme que je préfère à celui de globalisation plus vague, parce qu'il a l'avantage par la référence à la dimension géographique de mettre en évidence ce qui est le trait caractéristique majeur du phénomène, à savoir la dimension planétaire.

L'existence de relations entre les continents ne date pas d'aujourd'hui. On peut dater les débuts de la mondialisation des grandes découvertes: c'est alors que les différentes fractions de l'espèce humaine qui s'ignoraient jusque là ont découvert leur existence respective. L'humanité a vécu une première expérience de mondialisation avec les empires coloniaux. C'est dans le cadre du régime colonial que nos sociétés ont connu pour la première fois le problème des inégalités entre les peuples avec toutes leurs conséquences. Si donc la mondialisation ne date pas d'aujourd'hui, elle a néanmoins quelque chose de radicalement neuf qui résulte de la conjonction de deux phénomènes. D'une part la fin du régime colonial avec la dislocation des empires, l'accession à l'indépendance des peuples jusque là soumis à une domination étrangère et la substitution de rapports d'égalité juridique à la division antérieure entre États dominateurs et peuples assujettis. Le second phénomène est l'effet de révolutions de nature technique qui ont entraîné la contraction des distances, la réduction des délais, la suppression de l'espace et l'effacement du temps. Aujourd'hui toutes les parties du monde vivent dans une relation de simultanéité. Les conditions nouvelles de communications assurent la libre circulation des biens, des hommes, des informations, des idées, des croyances, des cultures. Nous vivons aujourd'hui dans un monde dont toutes les parties sont dans une interdépendance réciproque. Mais si le monde est ainsi unifié, il n'est pas pour autant homogène. Bien au contraire: la mondialisation révèle les différences, exaspère les particularismes, car les inégalités sont perçues comme des injustices.

On n'avait pas attendu les dernières décennies pour s'interroger sur la légitimité de ces inégalités. L'interrogation est beaucoup plus ancienne que ne l'indique la communication que nous avons entendue, parce que celle-ci ne traitait guère que des États-Unis. Or c'est naturellement dans les pays qui avaient été les pionniers de la colonisation que la réflexion s'est d'abord saisie de la question. Ainsi en France, dès les années trente des penseurs chrétiens se posent sérieusement la question de la légitimité du droit de colonisation et réfléchissent aux devoirs que celle-ci crée aux colonisateurs. Ce problème a par exemple été évoqué dans des sessions tenues par les Semaines sociales de France avant même la seconde guerre mondiale. C'est un Français, Alfred Sauvy, qui propose en 1950 le concept de tiers-monde pour désigner l'ensemble des peuples soumis à la domination de l'un ou l'autre des deux blocs affrontés dans la guerre froide. Si ce terme n'est plus pertinent aujourd'hui, si le concept peut être jugé dépassé pour céder la place à une pluralité de mondes, son émergence a marqué une étape importante dans la prise de conscience et le développement de la pensée sur ce problème. Des économistes, dont François Perroux est peut-être le plus connu, insistent sur les responsabilités de l'Europe à l'égard de ses anciennes colonies, plaident pour une Europe sans rivage et mettent en garde contre la tentation d'un égoïsme continental. Alertée dès les années 1950 par les problèmes de la faim dans le monde, l'opinion européenne raisonne déjà dans une perspective planétaire, les énergies se mobilisent pour lutter contre ce fléau: les Églises d'Europe suscitent un mouvement d'action qui se traduit en France par la création du Comité catholique contre la faim et pour le développement, en Allemagne de Misereor. Ces écrits, ces campagnes d'action avaient ainsi disposé depuis longtemps déjà en Europe un large socle pour une solidarité active et constitué un corpus de réflexions antérieur aux formes les plus récentes de la mondialisation.

Cette réflexion n'est pas restée purement théorique: elle a dicté des choix politiques. C'est ainsi que la France a fait prendre en considération par ses partenaires de la construction européenne les intérêts de ses anciennes colonies. Cet impératif de solidarité a trouvé sa traduction dans les accords dits de Lomé, régulièrement reconduits et étendus à quelque soixante-dix pays dans les accords dits ACP. La détermination de la

Commission européenne à préserver les intérêts et les droits des pays émergents à l'encontre des Etats-Unis attachés à la suppression de toute protection a été un élément décisif de l'échec de la Conférence tenue à Seattle. C'est dire l'actualité du débat.

Le thème de notre session m'inspire une réflexion d'une nature toute différente et que je crois tout à fait fondamentale. Elle concerne une question proprement philosophique et qui est comme un préalable à tous nos débats. Nos travaux sur les enjeux éthiques de la mondialisation n'ont en effet de sens et de raison d'être que si l'homme dispose d'un certain pouvoir sur le cours de l'histoire et si nous croyons qu'il a quelques possibilités de l'infléchir dans le sens qui lui paraît souhaitable. Si au contraire la volonté humaine ne dispose d'aucune marge de jeu, si l'histoire est programmée à l'avance, si l'homme est réduit à la subir et si la fatalité est le dernier mot de l'existence humaine, toutes nos discussions normatives sont vaines.

Or de nombreux systèmes philosophiques postulent le déterminisme de l'histoire ou dissuadent l'homme d'intervenir. Ainsi, pour le libéralisme, l'intervention de l'État dans l'économie ne ferait que dérégler ses mécanismes et déranger l'ordre des choses: la doctrine fait davantage confiance aux données qui échappent à la volonté humaine qu'aux choix opérés pour des raisons philosophiques ou morales. Quant au marxisme, même si les partis politiques qui procèdent de sa vision du monde ont porté au plus haut degré le militantisme et l'engagement, il n'en désigne pas moins l'avènement d'une société sans classe comme l'aboutissement inéluctable du cours de l'histoire.

Le volontarisme que postule toute réflexion sur les normes à respecter et la confiance dans la possibilité pour l'homme de relever les défis de la mondialisation ne seraients-il qu'illusion?

A cette question, j'opposerai l'affirmation toute récente de Jean-Paul II, lors de la célébration des fêtes pascales: "Redécouvrez que le monde n'est plus esclave d'évènements inéluctables: la paix est possible". Cette profession de foi concernait essentiellement dans l'esprit du Pape les rapports entre les peuples et la possibilité d'exorciser la guerre, mais elle s'applique ausi bien au rapport de l'homme avec l'économie.

En tout état de cause on ne saurait esquiver cette question capitale: quelle idée de l'homme et quelle vision de l'histoire nous propose le christianisme?

GLOBALIZATION AND DISPARITIES IN SOUTHEAST ASIA

WILFRIDO V. VILLACORTA

I must congratulate Professor Crocker for his paper, which provides a comprehensive examination of the different perspectives on globalization that have emerged through the years. Because globalization is a fairly new concept and its literature is fast growing, I benefited immensely from his presentation of the responses of the different schools of development ethics to globalization.

I would like to react to his paper from the perspective of one who comes from a developing Southeast Asian country that is grappling with the effects of globalization.

In ethically assessing the potential impact of globalization on Southeast Asia, we must remember that it is a region which has extreme economic disparities. We find countries like Brunei and Singapore whose small populations enjoy some of the highest per capita incomes in the world. Then there are Thailand, Malaysia, the Philippines and Indonesia that were on their way to economic recovery but were badly hit by the financial crisis. Finally, we have the transitional economies. Of the four, Vietnam is fast adapting to the ways of the market economy. The laggards are Cambodia, Laos and Myanmar.

Western colonialism had a deep impact on all the countries of the region, including Thailand which was never directly colonized. The Cold War era, which has ended in most parts of the world, continues to exact a toll on many of them, deepening divisions even among ethnic and religious communities.

In Southeast Asia, therefore, globalization will have to contend with two phenomena: a new surge of nationalism and the cynicism generated by the Asian financial crisis (de Dios 1998; Lim 1998). In Thailand, the new leadership is speaking of returning to protectionism. In Indonesia, both the government leaders and political activists blame the country's troubles on the dictates of the IMF. Malaysia's Mahathir extols the merits of regulating the financial market. The Philippines is reconsidering some of its commitments in regional organizations such as the APEC. The transitional economies are wary about going all out in embracing the market economy because of the risks and hazards that they perceive in the experience of their neighbors afflicted by the financial crisis.

Indeed, for the developing states of Southeast Asia, national development has not ceased to be relevant. While we agree that globalization is indeed a sweeping force that countries would have to accommodate, it does not necessarily render development as obsolete. As a matter of fact, development becomes a greater necessity because it is the best way for one to be a winner in the global contest.

But it is not development for its own sake nor for the single objective of winning the competition. One of Professor Crocker's most significant propositions is that development ethics repudiate the maximization of economic growth without converting opulence into better human conditions, as well as 'an authoritarian egalitarianism in which physical needs are satisfied at the expense of political liberties'.

But the fact is that globalization does impinge on contemporary approaches to social development. Dennis Goulet raises the question, 'What kind of development does globalization, on the present model, generate: elitist, dependency-inducing, culturally destructive, socially disruptive, personally alienating, environmentally damaging development? Or, conversely, is it development which is participatory, emancipating and liberating for the many, serving as a dynamic catalyst of regenerated cultural vitalities, conducive to social cooperation if not placid harmony, and environmentally sound for the long-term (Goulet, 2000: 43)?'

After reading though the comprehensive paper of Professor Crocker, I am more convinced about the need for globalization ethics. As he said, 'regardless of how globalization is understood, development ethics must evaluate it ethically'. And toward this end, he offers the prescription that 'the long-term goal of good national and global development must be to secure an adequate level of morally basic capabilities for everyone in the world …'. He calls for humanizing and democratizing globalization. This is best achieved, he said, by encouraging everyone to own responsibilities for all people. Like development ethics, globalization ethics must benefit all human beings.

Once more, I would like to congratulate Professor Crocker for his incisive presentation. I hope that he would continue to play a prominent role in generating a network of intellectuals who are committed to critically assess the ethics of globalization.

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AN ETHICAL ASSESSMENT OF GLOBALIZATION

SERGIO BERNAL RESTREPO

The Christian response to the challenges posed by history requires a careful discernment, an attitude that is quite contrary to the usual trend, rather common in certain Catholic circles, to demolish anything that represents a novelty.

Globalization offers us a good opportunity to practice discernment as an attitude – not a methodology – in order to take advantage of the great resources offered by progress, trying to reduce the negative effects it produces on people, well aware of the fact that human realities are a mixture of good and evil as a result of sin.

My claim is that the type of assessment we make of globalization depends on the perspective from which we see it. Christians, being loyal to the Gospel, must see reality from the standpoint of the poor. This has been the basic message that Catholic Social Thought has tried to convey since Leo XIII as John Paul II has stated in *Centesimus annus* (11).

However, even among Christians this position is not easily accepted, and this is an attitude that should question the sense of our allegiances. Paul VI in *Octogesima adveniens* pointed out with a deep insight, that often times we are so strongly determined by mental structures and material interests, even more, that we experience so deeply our class and cultural solidarity, that we end up accepting without restriction values and options of the social context (cf. OA 50).

Catholic Social Doctrine has often been criticized even by some Catholics because of its 'ignorance' in economic matters as well as for its emphasis on distribution of wealth, ignoring, as these critics claim, that, in order to distribute it is necessary to produce. Credit in this regard has been given only to John Paul II in his Encyclical Letter *Centesimus annus*, granting him a minimum of economic wisdom, although we have to admit that not all readings of this document do justice to the message the Pope is trying to transmit.

The ethical appeal of the social encyclicals has not always been rightly understood. For this reason it is interesting to realize that, in the face of the globalising process in which the economy has taken the lead, evidence seems to lead us to conclude that there are solid grounds for this concern of the Catholic Church which, analyzing real situations, insists on the need to redistribute wealth with equity. As a matter of fact the prevailing economic model has produced an enormous amount of goods, services, and financial resources. However, the question remains: who benefits from those resources? Is there an invisible hand that assures its equitable distribution?

Evidence seems to contradict the claim that liberal democracy combined with the free market contributes more than any other system to the realization of a just and equitable society. In the US, according to the Census Bureau, between 1967 and 1997 the average income per family showed an interesting behavior. The lower 20% saw an increase from seven to nine thousand dollars. For the second 20% the increase went from twenty to twenty two thousand. The third 20% grew from thirty one to thirty seven thousand dollars. In the same period, the top 20% could enjoy an increase that rose from 126 to two hundred and fifteen thousand dollars. The wages of dependent workers suffered a decrease of 12% between 1973 and 1998 while, in the same period, the salaries of high executives increased by 535%.

Employment as a means to develop the vocation of man and woman to fulfill oneself through work represents another challenge in today's world to the point that to some observers unemployment is not simply a problem, but rather a serious pathology whose solution cannot be found so that we will have to learn to cope with it trying to reduce its ill effects to a minimum (Off Claus, 'Towards a New Equilibrium of Citizen's Rights and Economic Resources' in *Societal Cohesion and the Globalising Economy*. Organization of Economic Cooperation and Development, Paris, 1997, 81-106). The problem is due, at least partially, to the fact that work is losing its capacity to be an instrument for the distribution of wealth and a guarantee of social equity.

If we accept work as a fundamental and inalienable right of the person it becomes quite evident that the present situation of growing unemployment and the trend to render work more 'flexible' is quite unethical. In fact the so called 'flexibility' is covering the problems of unemployment and under employment which generate a great deal of insecurity and economic need.

It is worth noticing that, as long as the globalization process advances under its present form, the ethical concern gradually grows. A good example of this trend is the concept of development adopted by the UNDP, a concept that has been clarified in recent years with a clear humanistic and ethical connotation. Development is no longer assessed according to the growth of GNP alone, instead a greater relevance is given to the human person thus introducing new indicators such as political participation, the respect and promotion of women's rights, the access to public services, the impact of consumerism on personal growth, among others.

In a way this ethical concern is the outcome of the need to solve the apparent contradiction between the efficiency of growth and human costs. Is it right to impose on the lowest strata of society the high cost of structural adjustment which, at least in the short run benefits the higher strata that possess the capabilities to face the situations created by the demands coming from external pressure? Michel Camdessus has declared that he conceives structural adjustment as the struggle against the structures of sin embodied in corruption, nepotism, excessive bureaucratization, and protectionism together with other phenomena that hinder economic growth for the benefit of the entire population.

However the problem remains unsolved. Camdessus is right in proposing this goal, but he seems to ignore the human problem that lies behind statistics. Independent organizations, such as those of the UN and the World Bank have demonstrated that, contrary to what some try to make believe, the most serious problem in today's world is the poverty that affects more than one billion people that have to survive with less than one dollar per day.

Joe R. Feagan, President of the American Sociological Association in his Presidential Address has challenged sociology to return to the origins placing social justice at the center of its concern ('Social Justice and Sociology. Agendas For The Twenty First Century' in *American Sociological Review*, February 2001, 1-20). Feagan's proposal is the result of his reflection on the reality described by scholars interested in development and on this subject he quotes the words of a famous North American Sociologist, W.B.B. Du Bois who wrote in 1968: 'Today political discussion is difficult; elections are not free and fair… The greatest power in the land is not thought or ethics, but wealth. Present profit is valued higher than future need'.

It is interesting, but at the same time a reason for concern, to read research on globalization that often times is loaded with ideology which leads towards quite different ways of interpreting statistics. Some conclude to the need of putting an end to the process, while others exercise their imagination in order to demonstrate its high values stating, for instance, that the few pennies that a poor person can win make him or her happier than millions of dollars that the rich person can add to his or her abundant income. In their opinion this is an argument to demonstrate that globalization does not generate poverty. Here we can see once again how futile is the claim for a value free science. Scientists should rather declare their Weltanschauung and values in fair honesty.

Globalization is basically an issue of means and ends, of goals and strategies. What should be the goals and strategies of society and what principles should guide these choices? As Prof. Crocker has rightly stated we move in an interdisciplinary domain where theoretical and practical elements mingle in various ways. If we consider ethics as an expression of the search for happiness we will be able to formulate desirable futures in an endeavor which does not start from utopia, but from the consideration of existing trends in today's society with a projection towards the future with a particular conception of the person.

This exercise raises a question that many dear not ask about the model of development and the life styles of the rich nations and whether this is the model to be proposed and even imposed on the whole of humanity. The question is politically incorrect because of the many interests involved in the issue. The Pope gives us a good example ignoring the risks as he invites us to analyze models and life styles critically and freely. Can we accept without restrictions a model that risks doing irreversible damage to the environment? Is this model sustainable, not only from the point of view of economics, but also regarding the environment, culture and human welfare? Does it correspond to a Christian vision of the person, of the world and of the relations between the two?

But coming back to the original question and staying away from demonizations we should try to avoid the temptation to condemn the market as such. As the Pope states with a sense of reality, no other system has been found so far that could serve the need to distribute wealth. However we cannot indulge in the opposite extreme of being taken by an ideology that has made of the market an absolute end reducing everything to merchandise, including human beings. It is an illusion to speak of the market in pure economic terms ignoring its ethical and cultural components. We could accept with restrictions a market economy, but we cannot accept a market society. The market is not enough. Institutions are required that render a service to political freedom and social justice (cf. 'Towards a Global Open Society' in *Atlantic Monthly*, January 1998, p. 24).

Camdessus accepts the role of the invisible hand provided it is coupled to the stretched hand of solidarity and that of justice, that is, accompanied by the regulating power of the State that may guarantee that the benefits of globalization arrive to all those who at present are excluded from the process. This is, of course, a moderate vision of the new conception of the invisible hand, quite different from the opinion of those who hold that human nature, the almost unlimited desire to possess greater resources, to increase one's wealth, to have everyday something more than the neighbors next door, and even to leave them behind are the motivations that keep the economy going (cf. Robert Wright, 'Nonzero. The Logic of Human Destiny', Pantheon Books, 2000).

In the same manner it is not possible, nor even desirable to stop globalization. Again, this does not mean that we have to accept it unconditionally and much less make of it an ideology seeing it as an end in itself. The discourse about governance is, after all, no other than a call to ethical reflection. It is not enough to create institutions that may harness globalization. It is necessary to orient the process in function of human happiness conceived within the ethical parameters of integral well-being. Happiness does not consist only in the possibility to participate in the economic benefits of progress, nor should it be a selfish enjoyment and even less the success of a tiny minority which is hoarding wealth in a way that is not acceptable. There seems to be enough evidence to demonstrate that the zero sum exists and that the accumulation of wealth by a few hinders the access to the benefits of economic growth. The claim that globalization in its present form is generating poverty is no longer a slogan. Camdessus admits that globalization is not man's destiny, but he claims that the future of humanity follows this direction in a trend toward a long-term unification of mankind. Seen this way globalization constitutes a fantastic opportunity for all the people on earth to work together towards the goal of common prosperity.

Assuming that the person is the parameter in a Christian analysis of development in a world in which the boundaries between economics and politic disappear, a number of issues require a serious study. Is there only one model of democracy valid for all Nations regardless of cultural diversity? What does participation really mean? What are the rights of citizenship in a society that accepts exclusion as a natural component of an inevitable process? Should the rights of the citizen include participation and information regarding decisions that have an impact on their lives? If we accept the ballot as an indicator of democratic participation, what lies there behind the decrease in voting which is assuming a worldwide character?

An effort must be made to reverse the trend giving back to politics its proper role as the search for the universal common good. The State should recover its role as the institution that should guarantee the rights of all, especially of minorities. The responsibility of Christian citizens is enormous since it is their duty as voters and administrators of the public domain, which has assumed world dimensions, to apply the principles, criteria and lines of action proposed by Catholic Social Doctrine. Today's state of affairs demands from the Hierarchy acceptance and respect for the mission and autonomy of the laity. Lay men and women have the right to demand from their pastors the necessary orientation along the lines of formation, not of imposition so that citizens may assume their roles as free and responsible persons.

Closely related with the issue of democracy in a cultural context that has dismissed traditional Christian values is the felt need to search for an ethic of minimal basic values which is the result of consensus. Of course, to the obvious risk of relativism we must add the problem of democracy where the reality is that a minority ends up imposing its will on a powerless majority (cf. RH, 17). The situation becomes worse and worrying if we consider the trend to eliminate the weak members of society together with those that may be seen as a burden for the powerful. What is the real motivation behind the struggle to legitimate euthanasia in Western societies where the burden of supporting an ever-increasing number of retired people will fall on the shoulders of a reduced working force? The problem is that consensus cannot be reached about these issues that are at the core of the future of humanity. The ecology is a good example of this case. In fact, the consensus reached in an international Conference can be erased by the withdrawal of on single nation that holds the monopoly of power in the world.

The trend towards cultural homologation is eliciting an interesting reaction which, sometimes could end up in some form of fundamentalism. Is it right to think global and act local as a principle for action? This is another challenge that demands a great deal of discernment. Traditional cultures could be enriched while enriching others if a true dialog is established. This presupposes, however, mutual respect as well as a deep knowledge of what each partner in dialog can offer to the other.

The examples we have analyzed so far raise the question about how to evaluate a system in which the economic value dominates life in society. Here we can see that Mr. Camndessus' good wishes do not grasp the reality of greed, embedded in structures that could be created and which is at the origin of corruption, nepotism and other forms of illicit creation of wealth stimulated through publicity with the promise of a sort of happiness brought about by possession and accumulation. Is it right to allow the big TNC lead the direction of biotechnological research? What is the role of the State, and how autonomous are States regarding economic and cultural policies originated at the great centers of decision making? Here, again, the principle of subsidiarity acquires new relevance.

The reform of International Organizations is an urgent issue for they could ideally be the answer to the demand for governance. Unfortunately nothing is less democratic or less open to participation than those institutions in which one single vote has a greater weight that that of the majority. The ethical appeal is an appeal to an authentic liberation of persons and societies alienated by an ideology whose sole value is profit at any cost, leaving no room to horizontal nor vertical transcendence of the person.

Discernment of reality must open the way to solidarity in all its possible forms. I believe that a reading of reality with its great benefits and evident limitations from an ethical perspective confirms the validity of the appeal to the globalization of solidarity.

SECOND SESSION

The Global Economy:
Emerging Forms of (Inter)Dependence

THE NEW GLOBAL ECONOMY: EMERGING FORMS OF (INTER)DEPENDENCE

PAUL H. DEMBINSKI

Few months ago the world was convinced of entering into the golden age of the New Economy. In early 2001, due to the financial shake-out of the dot.com the most enthusiastic prophets and promising children of the New Economy things are less clear. For the sake of this argument, I prefer to see the New Economy as one out of many aspects of globalisation rather than a reality of its own. Despite the fact that it is impossible to identify the precise moment the world enters a new era, be it that of post-industrial society, of New Economy or of globalisation, it is important to acknowledge how deeply the economy has changed during the last quarter of the century.

The present contribution does not bring fundamental new evidence, but only attempts at organising pieces of knowledge and of perception into a coherent framework in order to derive from it some indications about the new forms of dependence and interdependence that are emerging in the process.

The first part is descriptive and captures the most important aspects of globalisation. Namely, we start by briefly analysing three main drivers of globalisation: technological progress; supremacy of the ethos of efficiency; 'open society' and free market ideology leading to the unlimited expansion of economic activity. In the second part we look at the most visible consequences of globalisation: growth of finance; growth of services; emergence of intangibles (as assets and as factors of production), new forms of organisation – between markets and hierarchies. The concluding remarks concern the governance issues, the place left to man by the process of globalisation and the limit of anthropological adaptation.

1. Three Drivers of Globalisation

Globalisation is a complex phenomenon that should not – and most probably cannot – be reduced to a single process. On the contrary, the phenomenon of globalisation is a combined outcome of at least three entangled processes. The most visible of them concerns the technological progress that fundamentally modifies the relationship between man and his physical as well as social environment. The second is intellectual as it relates to the changes in socially accepted and adopted values and their hierarchies. Finally, the third is political and concerns the dominant role that economic activity has gained in polity.

1.1 *Information Technology – the Instrument*

Speed of transmission of information has always been a key issue not only for successful warfare but also for efficient administration and policymaking. Through history many devices were developed to make information circulate faster than its material support. Until the early 19th century, only seldom did such systems proved to be efficient. For instance, transmission of smoke, fire or mirror signals is feasible only in very specific atmospheric conditions and in an adequate physical environment. In consequence, until 150 years ago, information travelled faster than matter only when in the reach of human voice or sight whereas over longer distances, the speed of its transmission equalled what was required for the delivery of the physical envelope in which information was encapsulated, i.e.: (sheets of) paper, messengers, or pigeons. The breakthrough came during the first half of the 19th century, when information began to be encoded in variations of electric current. In 1833, Samuel Morse first demonstrated the device by sending signals over wires. The convergence of a vector available for transmission and of an encoding key enabled the invention of the telegraph, which is the starting point of a long chain of improvements ending up with the present day telecommunication technologies.

The very fact that information was allowed to travel independently of matter, at the speed of light, gave the possibility to establish long distance feedback loops. Because of these feedback possibilities, local processes lost their autonomy while distant decision makers started to interfere in the local state of affairs, like a plane flying to a given destination changes its route because of orders received from the air-controller, a distant decision-maker. The same chain of events are to be found behind any modern control procedure: information flows bring grounds for decisions which in turn introduce changes in real processes that are again synthesised and used as a basis for new decisions are to be found behind any modern control procedure. This is true in air, train or car traffic management, in real-time missile guidance, or simply when you place orders on a distant stock market.

Any human action is controlled by the feedback loop running between the brain and the leg or arm, telegraph and its successors simply allowed for the brain and the leg or arm to be miles, even thousands of miles, away from one another. By annihilating distance, information technologies also brought about a kind of 'prism effect' by which a number of information flows originating in different places can converge to one single point where they are integrated into a unique decision process which in turn affects each and everyone of the real but local processes. Air traffic control is probably the best example here: the tower is at the centre of the prism, it sees and knows more than any other actor on the scene, its decisions are immediately implemented by individual pilots. As this example suggests, there is no limit to the magnitude of the 'prism effect', the feedback loops can – in theory – grow more and more complex. Here the bottleneck is not only technological; it involves proper handling of information flows and their integration into relevant decision making feedback loops.

With the growth of the prism effect and the underlying complexity of feedback loops and decision processes, information starts to play an additional role. In a rudimentary feedback loop, such as a simple thermostat for instance, information on the surrounding temperature is only a flow. Each single bit (basic unit of information) loses all its relevance at the very moment it has been used in a specific decision to adapt, or not, the heating intensity. In more sophisticated thermostats, information about past temperatures is continuously stored and used jointly with current information in the steering process. In such cases, information is both flow and stock. In consequence, the problem is not only how to channel and exploit current information (transmission and circulation problem) but also how to store and retrieve, how to compress and structure information about the past. Today technology moves forward along these two complementary avenues: transmission on one side and utilisation and storage of information on the other.

Fifty years ago, rough information barely existed because of the limited capacities to store it, and in most cases it was almost useless because of the difficulties in handling and using it. At that time, information was ephemeral, it either vanished all together or was instantly sublimated to develop personal knowledge. Knowledge build upon personal experience, through accumulated and thoroughly understood direct information was essential. Today things have changed, technology has opened up infinite possibilities for storing information. Consequently, information can be stockpiled and accumulated at permanently diminishing costs as an anonymous and transferable good or asset. In many cases, structured information is used as the sole input to automated decision processes. In this situation, knowledge isn't so much a substitute for information – as it traditionally was – as it is a complement to information, a key that structures and organises it, giving sense to and combining its isolated bytes. Despite many attempts at making knowledge less personal, unlike bare information, true knowledge does not exist outside of human brains.

How did information technologies drive to globalisation?

In at least two ways: First, information and communication technologies bridge distances and allow for real-time processes to take place between distant actors. On these premises two different types of feedback loops can emerge. On one side structured and permanent feedback loops that are integrated into specific institutions or mechanisms. Such carefully designed and engineered loops serve as management tools in complex organisations. On the other side, technology also allows for a more or less focused dissemination of information outside any structured feedback loops. Such disseminated information may bring about the emergence of spontaneous or unstructured feedback loops. This happens when people change their behaviour as a consequence to receiving an information. For example, when after hearing the weather forecast, you leave your umbrella at home, when you buy a product after seeing a TV add, or when you get off the highway after the radio reported a major traffic jam further on.

Second, information technologies foster globalisation by providing grounds to the development of ad hoc economic activities centred on the management, maintenance and extension of feedback loops. These activities build up an important part of the present day service sector.

1.2 *Ethos of Efficiency – the Spirit*

Late 18th and early 19th centuries have been times of progressive emergence of a new social ethos, with its own ethical code. Today this ethos is universally recognised, and in some aspects has also become a social norm.[1] The main feature of this new social ethos – and of the political phi-

[1] Dembinski, 1998.

losophy that mirrors it – is the fact that it considers the individual as its centre. By doing so it draws on two other important intellectual traditions, namely the protestant view of human salvation and the utilitarianist philosophy that derives its 'scientific validity' from the achievements of the contemporary 'mainstream economic theory'.

In this contribution we are not in a position to discuss in depth the intricacies of the process that led to the emergence of the ethos efficiency. However, because this ethos is one of the most important drivers of globalisation, it has to be briefly addressed. Werner Sombart was one of the most acute observers of the sociological changes that took place in 19th century Europe. In 'Der Bürger' he speaks about the emergence of the 'capitalist spirit', which according to him has two components: entrepreneurship on one hand and 'esprit bourgeois' on the other. Further on Sombart says that entrepreneurship is in itself a complex phenomena made out of passion for money, spirit of adventure and of innovation. 'Esprit bourgeois' in turn is a mixture of 'la prudence réfléchie, la circonspection qui calcule, la pondération raisonnable, l'esprit d'ordre et d'économie'.[2]

Protestantism and utilitarianism give theological and philosophical arguments a blessing as to why adhere to the spirit of capitalism, why consider the monetary outcome of any decision as the most important moral criterion. According to Sombart, the fundamental change that took place concerns the ultimate finality of economic activity 'L'homme a cessé d'être ce qu'il a été jusqu'à la fin des premières phases du capitalisme, c'est-à-dire la mesure de toutes choses. Le sujet économique ne pense qu'à deux choses: gagner le plus possible, faire prospérer ses affaires le plus possible'.[3] This is where foreseeability and calculation enter the picture. In line with the consequentialist approach, decisions have to be taken on the basis of their expected consequences, which means these should be compared. In economic life, comparisons are easy to make because almost all outcomes have a value dimension, which can easily be expressed in monetary terms. This peculiarity of economic life makes it especially prone to the consequentialist method, which has progressively emerged as the dominant ethical paradigm of modern business life.

According to the terminology of modern 'mainstream economics', a 'rational behaviour' means a fully consequentialist decision maximising the positive value of the outcome, either measured in terms of money or in

[2] See Enciso, 2000, Sombart, p 25.
[3] Sombart, p 163.

terms of satisfaction. It is in the early 20th century that Pareto, and then most of economic theory, gave to consequentialism scientific credentials, and, by doing so, helped turn it into a social norm.

Today the ethos of efficiency is one of the most important drivers of globalisation. Its success can be explained by two factors. First, it has progressively become the rule governing most of economic activity. Hence, those not willing to adopt this ethos are at risk of being wiped out.[4] Second, ethos of efficiency applies only to the professional dimension of life and does not pretend to govern its others domains. This makes it at least partially compatible with most of contemporary cultures.[5] Last but not least, ethos of efficiency requires the wide use of quantification and numeracy. These seem to belong to the original features of Western cultures. Quantification and numeracy were able to spread around the world by penetrating the other cultures and entering in a symbiotic relationship with them. 'Les savoirs-compter est une sorte de cheval de Troie, car une fois acceptées, les institutions qu'il véhicule tendent à devenir dominantes dans tous les domaines ... Il est difficile (aux autres cultures – PHD)... de se défendre contre des institutions numériques supérieures à celles qu'elles possèdent déjà, dès lors qu'elles sonnent à la porte'.[6]

The ethos of efficiency brings to the fore a certain number of elements, which if shared by a number of actors and players make the system foreseeable in itself. Ethos of efficiency stands on the following principles:

[4] Soros, 1998, writes p 75 'A transactional society undermines social values and loosens moral constrains. Social values express concern for others. They imply that individual belongs to a community, be it family a tribe a nation or humankind, whose interests ust precedence over individual's self-interest. But transactional market economy is anything but a community. Everybody must look out for his or her own interests and moral scruples can become an encumbrance in a dog-eat-dog world. In a purely transactional society, people who are not weighted down by any consideration for others can move around more easily and are likely to come out ahead… purely transactional society could never exist, yet we are closer to it than at any time in history'.

[5] This point deserves further analysis. First, the argument hold as long as economic life is only marginal in overall existence. But the argument falls into pieces and the ethos of efficiency enters into open conflict with other moral traditions qhen when economic life penetrates everyday more deeply other spheres of social and personnal life. How far away are we today from such a point?

Second: the apparent compatibility is possible only when we acknowledge that a person can live with two different ethical standards, one applied only to professional activities, the other to extra-professional life. A great number of recent works and testimonies suggest that such a co-existence has its anthropological limits, at least for Western culture.

[6] Crump, 1995.

only the consequences for the decision-taker are taken into account;

the general principle according to which 'more' has to be preferred to 'less';

only events that can be expressed in value terms, those that generate value added and therefore enter GDP, are taken into account. The rest of social life, the events that do not leave an economic imprint simply *do not exist*.

The shift in values that has brought about and allowed for the progressive emergence of the ethos of efficiency, has also deeply impacted the field of political philosophy and, consequently, of social institutions. This third driver of globalisation will be briefly discussed in the next section.

1.3 *Creed of the 'Open Society' – the Enabling Factor*

History has convincingly demonstrated that unbridled passions left alone may put any social order at risk. According to A. Hirschman,[7] much of the political thinking during the late 17th and 18th centuries was articulated around the question of how to keep passions in check so as to achieve social harmony. In previous centuries, methods of repressing passions either by education, institutions or external constraint have shown their limits.

In this context a double intellectual break-though took place during the last two centuries. On one side, social philosophers came up with the idea that rather than fighting passions, social order should be built in such a way as to use them as countervailing forces and direct one against another. In achieving this, passions would be held in check and if not a harmonious, at least a peaceful society would follow. The second breakthrough, still according to Hirschman, complemented the first and originates in Adam Smith's writings where he sees man actuated entirely by the desire of bettering his condition. By doing so Smith, and his followers, reduce human nature to a simple mechanism driven by a unique set of goals. This view greatly simplifies the question of political order in the sense that interests, specially the economic ones, are much easier to steer and to monitor than passions.

On the basis of this overtly simplistic view of human nature, the terms of reference for a harmonious society were easy to draft. In order to bring harmony into society it suffices to leave enough freedom to its members and allow them to pursue their economic interests. In consequence, harmony would be achieved not through the manipulation of passions – which have always an irrational dimension – but by allowing each mem-

[7] Hirschman, 1977.

ber of the society to devote all his energies to the achievement of his economic well-being.

By bringing economic interests to the fore and by identifying them as possible stabilisers of social life, 18th century philosophers were de facto opening doors for the emancipation of the economic activity from the domination of religion and politics. More and more, public policy was viewed as having one important mission: setting the framework that would allow nationals to maximise their interests whenever possible. In consequence, governments were expected to prepare grounds and to facilitate the expansion of economic activities.

History did not always follow the path laid down by thinkers and philosophers. The 1930's deep economic crisis triggered national reflexes and allowed politics to gain pre-eminence over economic interests. The most extreme experience was the one of real socialism where, almost by definition, the State took direct responsibility for any economic activity, de facto depriving other actors of pursuing – or even of having – economic interests. Second WW and its horrors and destructions are often seen as the best example of what can happen when national politics take over the 'daily trade' of economic interests, when the efforts of members of a society cannot concentrate on the bettering of their conditions and when underlying passions takeover.

The lessons of the 1930's and early 1940's have laid the foundation of the international economic architecture as it emerged from the San Francisco and Bretton Wood conferences. These institutions have been designed so as to enhance the rapid expansion of international economic activities. The then new architecture rested on three main pillars: in the field of trade, commitment to free-trade and to reciprocity; in the field of international money and payments, commitment to convertibility, to free flows of current payments (not of capital) and to fixed exchange rates backed by central bank interventions. In the field of development, the architecture extended later on to integrate some portion of concessionary lending. It took about three decades for this architecture to become fully operational before collapsing in its monetary dimension in the early 1970's.

The institutional framework of the world economy that emerged after the war mirrored a general consensus among the 'free world' countries that free market economy was the best and only road to prosperity, development and internal and international peace. Even if each country handled in its own way the relationships between political power and economic freedom, overall the differences concerned secondary aspects. The general principle of human rights, of personal freedom, of private property, of free enterprise and free market were – in theory – universally accepted and in some places put into practice as may be illustrated by the process of the European unification. Particularly before 1989, the popperian term of 'open society' is the best synthesis of the ideal of Western societies. The working of open society in the 20th century was based on the prevalence and the integrating force of economic interests and the relevant exchanges.

1.4 *Globalisation and Capitalism: only coincidence or organic unity?*

Contemporary globalisation is a complex phenomenon that cannot be reduced to a one-dimensional change in the relationship between man and geography. It is, above all, a fundamental reconfiguration of interdependencies among persons, enterprises, political entities, capital and space.[8]

Globalisation has to be looked at in systemic terms. In such perspective it appears to be a further step in the development of the modern economic systems that originated in early 19th century, called alternatively 'capitalism' or 'free market economy'. In previous sections it has been shown that the goals of economic actors derive from the ethos of efficiency, that technological progress has given these actors unprecedented means, and that the ideal of free market and open society has become the systemic organising principle. All these elements combined progressively into a new 'system' which is in itself highly dynamic and permanently increasing its internal coherence and external efficiency. The past two centuries have been the golden age of economic performance and progress, culminating in the last fifty years of unprecedented growth and expansion.

Driven by three independent processes, globalisation results in a constant increase of the density and complexity in the fabric of interdependencies among actors of social and economic life. Among various types of possible interdependencies, economic ones are the most important today because modern economic actors are, by definition, highly specialised, i.e. specially sensitive and reactive to signals they receive from outside.

2. New (Inter)Dependences

What are the most visible manifestations of globalisation? Where are the new forms of (inter)dependence most clearly visible? In this brief and,

[8] among many contributions to this debate, see.

by definition incomplete, contribution five cases of interdependence will be presented and analysed.

2.1 *Financiarisation and the Real Economy*

Information technologies have played a central role in the development of international financial flows, players and markets. Financial information was the first set of professional data to take full advantage of falling prices on international calls and data transfers.[9] The invention, in early 1960's of the 'eurodollar' can be seen as a milestone in the process of emergence of a truly globalised financial system. The collapse of the fixed-exchange rate system in 1971, and the glut of petrodollars after the first oil shock of 1973/74 gave a further boost to the globalisation of international financial activity. This resulted in the tightening of interactions and interdependencies between financial centres, between markets and asset prices. The development of world finance went in two complementary directions: on one side the extension of range and types of financial assets, and multiplication of trades and transactions on the other. After 1971, national currencies became full-fledged financial assets traded among private operators.

In a modern economy, the financial system has two key roles to play. First, it has to make sure that savings are collected, channelled and used to finance investment projects. The quality in the allocation of savings' flow, and indirectly the overall performance, depends on how efficiently the financial system carries out this function. The efficient matching of demand and supply of liquidity between the actors having investment projects on one hand and those holding idle liquidity on the other requires the use of extensive information about the risks and returns inherent to each investment project. As a result, some projects can simply be deprived of access to finance and thus condemned as such. From this perspective, one could argue that 'finance rules the world', and dependence prevails because decisions on availability of financial resources and on their pricing determine the set of real (investment) projects that will be implemented.

The second role the financial system plays in a modern market environment can be seen as an extension of the first one. It involves the permanent assessment of the returns and risks associated with projects that have been

[9] Caimcross, 1997, according to World Bank estimates, quoted by Cairncross, the price of a 3 minute transatlantic call has been divided – in real terms – by a factor of about 200 between 1960 and 1990.

previously financed. This activity is based on the processing of every available information related to specific projects (i.e. financial assets, enterprises or governments) that have previously been financed, on their continuous monitoring and on their pricing. Unlike the matching of savings with investment projects that concerns the flow of 'new savings', the evaluation function of financial markets concerns 'stock' of previously created assets that are already in circulation. Most of such assets are either incomplete property rights, claims or contracts that may either have social organisations as their counterparts or have a direct bearing on them. A change in price of any asset will, in consequence, be interpreted by the involved organisation (enterprise, government) as a signal and will compel or induce a change in its behaviour. In this way variations in prices of assets influence real decisions but the reverse is also true as financial markets use all the available information, including the behaviour of the social organisation and its performance, for the process of price setting and updating. The result is a feedback loop of interdependence between financial pricing decisions and the behaviour of real actors, persons, governments or enterprises.

What is new in the present situation? One could easily argue, that feedback loops like those described existed also in the past, and that more generally the role of asset prices – including the exchange rates of national currencies – is to express the changing level of confidence attached to the underlying social projects. However, the contemporary situation is different in two main respects. First, the depth of financiarisation of Western economies is without precedent, which means that financial assets underpin almost every dimension of the economic life. Hence, the variation of assets' prices affects the current behaviour of agents on a much wider scale than before. Second, the width of information used in the price setting process is extending continuously in parallel with the progress of information technologies. It means that the price of a given asset integrates information that extends well beyond what is directly relevant to the underlying social project. The more global are the markets, the more completely are they integrated, the higher the chances are that they will price the assets representing and encompassing a local and partial reality of a social project by putting it in the perspective of an artificial and illusory 'totality'. Thus by reacting to change in price for its shares, an enterprise will de facto indirectly react to events which are not related to its activity and on which it has no bearing but of which it has been made dependent only by the integrative action of financial markets.

Social actors, enterprises or governments, can only influence by their decisions a limited set of realities but through the integrative power of financial markets, they are exposed and have to react to a much wider spectrum of information and realities. In this respect one can argue that widening scope of information taken into account by the financial markets increases the asymmetry in the feedback loop between financial markets and the underlying elements of real economy. For medium sized enterprises, for smaller countries the asymmetry between the width of global information used to assess prices of assets they represent and the effective reach or influence of the underlying economic actor is particularly strong. As a result, especially for the smaller economic players, interdependence turns into their dependence on the verdict of the financial markets. What technicians used to call with pride 'integration of financial markets' in sake of a greater allocative efficiency, can also be seen as the progressive withering away of any remains of subsidiarity in the field of money and finance. In consequence, any group or individual financial asset, or any good used as such, can become without warning the scapegoat of all. Recent financial and monetary crises such as Asia, Mexico and Russia as well as the dot.com crash in 2000 are only illustrations of such dependency. Only very big players are protected by their sheer economic weight from being high-jacked.

By setting asset prices on basis of expectations, conjectures, fears and hopes one can wonder whether financial markets 'reveal the truth' about the real economy, as many orthodox economists would argue, or simply create prophecies that the real economy has no other choice but bring into being.

2.2 *Emancipation of Very Big Enterprises*

Enterprises, especially the Very Big Enterprises (VEBs hereafter) have been the main vectors through which the three drivers of globalisation, sketched in the first section, have shaped the face of the contemporary world. During the last quarter or century, VEBs have undoubtedly played a major role in speeding the structural changes of the world economy. In this complex process, enterprises' behaviour has been in constant interaction with each of the three drivers of globalisation, and played a major role in boosting its overall speed.

Enterprises were among the first that took full advantage of the potentialities offered by the development of Information Technology. On one side, by integrating this technology into their products, they proved able to propose new products and new services based on the principle of controlling feedback loops. On the other side, enterprises also rapidly learned how to make the best use of Information Technology in organising and running their own operations.

International business started well before the free trade came into focus of policy makers. Closer to us, in the aftermath of WWII, American VEBs were in excellent position to establish themselves as world leaders. Thus most of American VEBs consolidated their multinational character by taking firm roots on European and Asian markets. In the following decades they had to face a growing competition, including on their home market, from their Japanese and European counterparts. The VEBs golden age began in the 1980's when political context and technological potential coincided to make the management of truly global enterprises possible. In parallel, VEBs became a worldwide pressure group having a major influence on the agendas of governments but also of international organisations.

·Ethos of efficiency became universal providing a supra-cultural basis on which professional and technical knowledge began to be shared among people from different cultural origins, but inspired by the same ambitions and the same ethos of efficiency. Falling on this fertile ground, the ethos of efficiency was then further spread by a growing number of business schools and inoculated to a new generation of young men eager to have their share in the economic success of international business. By doing so, business schools developed a whole range of new fields of professional knowledge rooted and inspired by the ethos of efficiency. Today this knowledge has, at least partially, achieved the scientific status.

Enterprises are, by definition, social organisations capable of rapid adaptation to changing conditions and therefore are often seen as organisational innovators.[10] Undoubtedly, VEBs have played this role and, in this way, have contributed to the acceleration of globalisation. Three main lines of organisational innovation – in the broad sense – deserve to be mentioned here. Each of them has fundamentally affected the modes of interaction between the VEBs and their social and economic environment, and in consequence has contributed to redesign the set of corresponding interdependencies.

2.3 *Shift from Goods to Services: VEBs as Access Providers*

The limits of mass production of durables were first seen in the late 1920s US. At that time, Ford was loosing to General Motors the dominant position it had acquired during the previous 20 years. As to why it hap-

[10] North, 1990.

pened, Tedlow's diagnosis is crystal clear: 'In the early 1900s, Henry Ford's vision of the needs of consumers for an inexpensive, reliable transportation vehicle matched reality, but during the 1920s, automobile marketing came to involve more than providing customers with an appliance to take them from place to place. By then, however, Ford had come to believe that he was in the business of building Model Ts. In fact, like every other businessperson, he was in the business of satisfying consumers. *He mistook the product for the service it provided*'.[11]

In fact it became apparent already in 1920s that in order to sell on markets every day closer to saturation, enterprises have to concentrate not only on producing, but also and maybe above all, on preparing the markets (the customers) to absorb their production. In the case of durables, preparing the markets means also removing or discarding previous generations of the same goods. This lesson was quickly learned by the VEBs. In consequence the internal status and resources devoted to marketing activities progressively became at least as important as those used for production. In doing so, the VEBs were contradicting two centuries of 'Say's law' according to which any supply generates automatically the corresponding demand.

The developments of media (press, radio, TV) but above all of information technologies allowed the VEBs to gather more and more data about their customers, to imagine specialised products for more and more carefully segmented groups of clients, to send appropriate messages that would pave the ground for new generations of products and to tighten producer's control over product's durability. By doing so enterprises achieved two things. First they became indispensable to customers and, in that way, secured their receipts for years to come; second they gained the customers' confidence and loyalty by permanently increasing their satisfaction as measured in terms of GNP per head. However behind these two visible consequences of enterprises' efforts to mastermind customers, a third consequence remains more discrete.

Many of the new products and techniques – like cars, computers or telephones – have deep and irreversible structuring effects on the society as a whole and on the everyday life of each of its members. Today telephone, TV sets or the use of air transport have lost their status of luxury goods and are indispensable devices in the everyday life of tens of millions. This means consolidation of corresponding markets. However, the increase of consumers' satisfaction has a counterpart, which is the progressive erosion of

[11] Tedlow, 1990.

their autonomy as persons in respect to the economic activity. In order to keep up with the growing requirements of a 'decent' or 'normal' life they have to achieve an ever-higher level of income. This level of consumption, 'compulsory' in social terms affects decisions concerning the way people live, the way they share their time between for market and not for market activities. In this process, consciously or not, society as well as individual persons are driven to surrender ever-higher levels of their energy (i.e. their autonomy) to the search of economic results and efficiency.

For this reason, the apparent freedom granted by new tools – transportation, communication, leisure – has for counterpart an ever deeper dependency on products and services designed by the VEBs, and a permanent consent to an ever deeper enslavement to economic activity in general.[12] Thus, through their permanent search for new ways to emulate a buying decision, the VEBs bring material progress and increase welfare, as well as contribute to increase the proportion of social relations and of private life that is directly or indirectly governed by *market* relations.

Today the trend turning the enterprises into permanent partners in societies' everyday life is further exacerbated by the growing share of services in economic activity. Selling a good is an isolated event, whereas providing a service creates a lasting relationship with the client. Selling a good ends up in a unique payment where service contract is open ended and may lead to a number of payments and invoices. The growth of services has been pushed by the development of information technologies, by the growing complexity of Western societies but it would have been impossible without the strengthening of specialised (public) institutions in charge of contract enforcement. The VEBs were among the first to acknowledge how much they had to gain in switching from goods to services, from ephemeral and stochastic interactions with clients on a marketplace to lasting and structured personal ties. In fact, the VEBs are rewriting the rules of the economic game by tidying and deepening the almost personal relationship in which they tend to lock up each of their customers. In the process, autonomy that the ownership of goods was supposed to grant is being scarified for the sake of performance in a controlled environment.

Jeremy Rifkin is among the most acute observers of the above-described change. He even speaks, in a slightly sensationalist tone, of the

[12] Following example shows that VEBs do not hide their ambitions to become ever-present. In a recent annual report, Coca-cola announces that a human being needs 9 intakes of liquid during the day, according to sales figures of Coca-Cola, the company provides humanity with one intake per day. Conclusion: reach for the remaining almost 90% of the 'market'.

emergence of a 'new era'. 'In the new era, – says Rifkin – markets are making way to networks, and ownership is steadily being replaced by access… Property continues to exist but is far less likely to be exchanged in markets. Instead, suppliers hold on to property in the new economy and lease, rent or charge admission fee, subscription, or membership due for its short-term use … Markets remain but play an increasingly diminished role in human affairs'.[13]

How did VEBs manage to shape the framework of the emerging 'age of access'? In fact various processes and techniques used in a more or less conscious way by the enterprises converge to the result. Among them, effort to develop customer loyalty is the most classical one.

The purpose of each seller or producer is to develop a privileged relationship with the client. In such a way the probability that at each new buying occasion, the client will choose the same product or brand will increase. In consequence, production volumes and product lines will be better adjusted to the demand, and the overall profitability will grow. How far such strategies can lead is illustrated by a case from the automotive industry. According to the specialised press, the main reason why Mercedes in the last few years has decided to put on the market small cars was not the search for a younger client base for its own sake. What really mattered to Mercedes was to use this as a marketing tool, as a way to prepare tomorrow clients for more expensive Mercedes cars. Indeed, it seems that capturing and seducing young customers today is the most cost-efficient way to secure tomorrow's market. This example shows what every company knows: the acquisition costs of a new client are much higher than the production of corresponding goods. This also explains why amounts that can reach tenths of percent of sales are spent to keep alive and to develop in minds of effective and potential clients brand names and trademarks through advertisements and publicity. These efforts are then integrated into end user prices and paid for by the customer. Not only are customers masterminded, they are also complacent with it and even pay for it!!!

Another way of establishing a privileged relationship with the customer is to develop a continuous flow of transactions with him. This is easier to achieve with services than with goods. Recent developments in information technologies allow enterprises, but specially the VEBs, to redesign their activities in such a way as to increase the service component. Rather than selling a product, producers prefer to provide the client with a specific per-

[13] Rifkin, 2000.

formance embedded in a service contract.[14] Most of such contracts, like telephone, software or repair subscriptions, have a fixed fee component and a variable one linked to the use the client makes of the proposed service. Another example is the leasing service provided in many cases by the producer of leased goods. Today, for many producers of durables, namely for automobile or even aircraft producers, leasing services are much more profitable than the actual production of goods. Such service contracts create a contractual long-term relationship with the customer and de facto open the door for the service providers to permanently update their services, increase their scope and possibly their price.

Modern marketing techniques called CRM (Customer Relationship Management) are developed by the VEBs with the objective to gather enough information about each and every one of the targeted customers in order to be able to propose, out of hand, a package that they are most likely to buy. The development of such techniques helps the seller to propose to each customer not a general 'market price' but a price calculated in perspective of his willingness to pay, and in line with the potential that such a client represents for the whole rage of products and services of the company. A direct consequence of CRM techniques is the exclusion of 'not interesting customers' from access to specific services or goods. The business language speaks then about 'focus' on a specific market segment. Financial services are the clearer example of such a selective behaviour of service providers.

The VEBs see rightly in CRM a potential for creating a privileged – and almost personal – relationship with each client. Such strive for privacy for transactions that previously were carried out by the market, leads to a loss of transparency and in consequence is a major hindrance to the proper functioning of the market mechanism. Gathering important amounts of customer information gives the sellers of goods and service providers a unique basis for designing an ad hoc contract that takes into account all the known dimensions of clients' wishes and tastes. By doing this, the seller takes advantage of the available information to build into the price all the elements that this customers values, but that could have been given for free. In technical words, this leads to internalisation of all externalities that may have been positive to the client and would have made up what the economic theory calls, the 'customer surplus'. This situation, where every 'byt'

[14] The so-called 'terminator' seeds developed and abandoned by Monsanto are the best examples of such strategies.

of customer satisfaction is paid for, is extremely attractive from the service providers' perspective. 'One to one marketing' – the *nec plus ultra* among modern marketing techniques – aims at achieving it.

Converging efforts to make the customer enjoy his own enslavement rise two questions. The first is about interdependence. Each VEBs depends on the behaviour of its clients taken as a group, but the reverse is true when each of the client is taken individually. In other words, if the VEBs succeeds in breaking the unity of the market into a myriad of individual relationships, its position is much stronger, but that of each customer much weaker. The VEBs use all the methods discussed above to make customer dependant on their products and services.[15] Whether they succeed in achieving it is another question. In most situations and markets, customers have the possibility to migrate to other providers of similar services or goods. However this may also have a cost (in the sense of transaction cost) to the customer. The second question is about the efficiency of allocation achieved on a macro scale in an economy where VEBs are in a quasi monopolistic situation over millions of parallel micro-markets, each involving a single customer.

In conclusion, the VEBs structure our environment and become the only interfaces capable of running the complexity that imprisons contemporary societies. In this sense our social dependence on providers and managers of technical system has greatly increased. The VEBs as a group also keep each of us in a dependency relationship, although this is not necessarily true for every bilateral relation because of the competition between suppliers. To prevent this from happening, the VEBs compete fiercely to achieve strongholds in terms of market position, which simply means reducing the probabilities of customers migrating to a competitor.

2.4 *New Forms of Capital*

Nolens volens, the VEBs have become the major actors, and also the most prominent drivers of globalisation. In order to keep pace with the competition and deliver what their shareholders expect them to deliver, the VEBs have been adapting permanently their methods of operation looking for new ways to assess their competitive advantage.

When moving from goods to services, from transactions to relationships, it has become clear that the sources of the economic performance of

[15] The addiction inducing components is also used by certain industries, such as cigarettes or beverages.

a company do not necessarily depend on the value of fixed assets such as buildings and production plants the enterprises own, not even on the size of its balance sheet. The growing importance of marketing in the process of value added creation has brought to the fore unconventional sources of performance called 'market assets'. 'Market assets are those which are derived from a company's beneficial relationship with its markets and customers. They comprise the brands, reputation, repeat business, distribution channels, favourable licensing and other types of contracts, which give a company competitive advantage. Market assets are often the reason a company is acquired for a sum greater than its book value'.[16] In fact, the so called market assets belong to a larger family of 'intangible assets' that encompass intellectual capital of a company, its R&D activities, other elements protected legally such as patents, licenses or copyrights.[17]

Like production facilities, machines or buildings can, by analogy, be seen as the hardware of our societies, intangible assets make their software. In the computer world hardware and software are complements. The same is true in economic life where tangibles and intangibles jointly contribute to the emergence of value added. The difference between the two is the same as between goods and services. Goods and tangibles have an existence of their own even if they are useless. Services and intangibles are relations and rights that determine specific patterns of human and organisational behaviours. Because they cannot be separated from people that permanently manipulate and update them, intangible assets are in most cases invisible on their own. Intangibles emerge and develop on the basis of a complex relationship between persons and organisations. This interdependence makes the question of the sustainability of intangible assets and of their ownership very complex.

The still growing importance of intangibles deeply affects the rules of the game inside the VEBs. The building up and maintenance of intangible assets in general, but market assets and R&D in particular, absorb a growing proportion of the VEBs' current expenses. Publicity expenses, remuneration of R&D personnel, training and knowledge dissemination cost and others belong, according to the accounting logic, to current as opposed to capital expenses. However, in purely economic terms, these expenses contribute to the extensions of the company asset base. The two logics are in conflict on this crucial point: intangibles give value to a company but at the

[16] Brooking, 1996.
[17] Badaracco, 1991.

same time most of the related expenses have to be financed from the profit and loss account. In consequence, intangibles are not recognized as capital, they cannot be depreciated nor can they pretend to proper remuneration. One of the reasons is the very fact that intangibles are jointly controlled by the corporation and the people that operate them. This situation has one major consequence: namely that companies depend on their 'knowledge workers' much more than it was the case when most of the knowledge was incorporated in easy to run machines. Of course, companies retaliate by putting in place sophisticated methods of knowledge management that aim at 'extracting' from each of its employees as much knowledge as possible and make it accessible and reusable within the company.

Knowledge of clients, knowledge of products, mastering of technology are vital sources of competitive advantage for contemporary VEBs. By mastering technology, i.e. the speed of innovation, the VEBs strive at becoming masters of social time. When a VEBs is in a sufficiently strong position on its market to choose the moment of bringing on the market a new generation of products or services, it is able to gain enough time to squeeze customers and maximise financial results. But in order to achieve this, the same VEBs needs to have his 'knowledge workers' on its side. Only generous remuneration packages can prevent key people from migrating to competitors. The strong dependency of VEBs on their key collaborators deepens the divide between interchangeable and non-interchangeable workers. The first become global citizens, moved around the world by companies in luxury conditions, the second locked in their native areas are at the mercy of local labour markets.

Analysing the changing meaning of ownership, Jacques Attali uses the concept of 'fertile goods'.[18] By this wording he tries to identify what were the tools that, at different moments in human history, opened the doors to might and wealth. According to Attali, at first came women as guarantors of demographic growth, then land and its capacity to produce food; now we live in times where capital plays the role of fertile good. The term of capital means anything that is entitled to financial returns. Without any doubts, knowledge and more generally intangibles are about to become the new form of capital. Its economic fertility will depend however on the capacity of the VEBs to make knowledge proprietary, and to control any access to it. In other words, to make the rest of society dependent on proprietary knowledge. This is the reason why, when it comes to knowledge and intangibles,

[18] Attali, 1988.

economic fertility may well lead to social sterility. The economics of genome research already confirm these fears.

2.5 *VEBs as Process Organisers*

Previous discussion has underlined the multiple roles VEBs play in globalisation. In fact they emerge as artisans and as key strategic players of this process, which in final analysis, is tantamount to increasing worldwide the sheer importance of economic activities within the social realm. Like their ancestors, the colonial trade companies, modern VEBs are extremely smart at taking advantage of distant markets, resources and investment opportunities and at coupling them with operations in home countries. General liberalisation of trade and financial flows coupled with the breakthroughs in telecommunications and information technologies opened up new horizons that VEBs rushed to exploit.

It is only in the 1980's that some of the VEBs started to turn themselves into truly global companies. A global corporation is a polycentric conglomerate capable of integrating on a world scale both production and distribution without maintaining with any country a sentimental privileged relationship. In order to make the definition of global enterprises more operational, the *Investment Report* establishes a 'transnationality index' by averaging three ratios: foreign sales/total turnover; foreign labour/total labour; foreign assets/total assets.[19] According to this methodology (far from perfect), enterprises like Seagram, Nestlé, Electrolux or Unilever and ABB are on the top of the list with a transnationality index above 90%. Globalisation of enterprises is still under way as suggested by the fact that for the most transnational of the VEBs active in industries such as petroleum, motor vehicles, electronics, pharmaceuticals, chemicals and food/beverages, the level of the index has increased by more than ten percentage points between 1990 and 1998.

Transnationalisation of VEBs has deeply affected the way they operate but more specifically their relations with territories where their subsidiaries are active. Out of many elements that could be mentioned in this respect, three seem of primary importance.

The first concerns the growing role of trade between subsidiaries of the same firm in overall international trade. According to an estimate by the World Bank, internal trade of 300 biggest VEBs represents about one third

[19] UNCTAD, 2000.

of world merchandise trade, where another third is made up by trade among these 300 VEBs. In other words, VEBs have almost entirely absorbed the world trade. By doing so they have probably also absorbed, i.e. internalised, what used to be called 'world prices' which can easily be used for transfer pricing.[20] In consequence, the dimension of VEBs' internal strategies should be more fully integrated into the debates about the patterns of merchandise trade between North and South.

VEBs are prominent sources and vectors of international direct investment. As important investors VEBs prospect, compare and choose the sites where their investment projects will be localised. In doing so they interact with public authorities (national and local) of host countries. Looked at from a local perspective, an investment project of a VEB in the area means jobs, training, possibly transfer of technology, spill over effects. For all these reasons local authorities strive for hosting VEBs' investment projects and use all means to become more attractive. Overbidding is normal. Today enterprises are much more mobile than they used to be, hence dramatically increasing their negotiating power in respect to local authorities. Sometimes companies invite local authorities from a region to tender. Put in direct competition, in some cases local authorities, even in developing countries, may offer cash-payments and tax brackets up to 100'000 USD per job created.[21] In some cases, enterprises have more than 30% of their investment cost provided by the host. More and more mobile VEBs choose, invest but do not reinvest and often leave when tax brackets come to an end. Shorter investment cycles, generous local support and greater enterprise mobility lower barriers to exit, thus strengthening the VEBs' position, which may well turn interdependence into dependence.

Most of the VEBs have redefined what their core business is during the last ten years. It seems that most of contemporary VEBs build their strength and their future by concentrating their core activities on three axes. The first is 'Mastery of Markets' which implies global branding, marketing techniques and the resulting direct control of the client base. The second is 'Command of Technology' meaning keeping the innovative capacity, development of techniques and mastering of the service/product interface. The third axis belonging to the core business of VEBs, may be called 'Access to Finance', more precisely keeping in touch with global capital markets where capital abounds, and where the cost of raising it is the best possible.

[20] Bartesman and Beetsma, 2000.
[21] First hand testimony.

By concentrating their core activities on these three sources of competitive advantage, VEBs tend, for many of their normal operations, to seek co-operations and partnerships with local and medium sized enterprises. Outsourcing has been the buzzword for most of corporate restructuring during the last decade. What does this mean? Does this trend mean that VEBs move important chunks of their activities from inside the hierarchy directly to the market?[22] Evidence clearly shows that in order to outsource in total safety, VEBs have developed a large variety of cooperation patterns, with small and medium sized enterprises that are between hierarchy and markets. Of course the new possibilities granted by IT have been instrumental in reducing transaction costs linked to outsourcing when at the same time keeping the sub-contractor in some kind of dependency.

In consequence, the VEBs have developed unique skills in organising, managing and controlling extremely complex flows of information and of goods exchanged among a growing number of partners. The key challenge is to remain in the driving seat despite the possibly small direct contribution to the chain value. Many VEBs succeed in this game by concentrating their resources on keeping control over Markets, Technology and Finance and by commanding the key assets involved in the overall value adding process. The example of Nike is illustrative. The company generates directly about 25% of the value added of its products mostly through organisation, advertisements and trademark revenues. Upstream about another 25% percent come from the producers and raw materials used, downstream about 50% come from the distribution network. [23] The same picture can be drawn for Dell, Benetton, Hilton. These examples suggest that VEBs are specialising in developing and testing new 'business models' which are ways of combining and organising activities of myriads of partners and subcontractors. In consequence, a specific pattern of dependence between small and big firms emerges worldwide. Only niches too small to be of interest to VEBs are left to independent small enterprises.

3. Tentative Conclusions

1/ Globalisation is a much more complex process than it may seem to economists. In order to understand properly its potential consequences, the analysis has to include the political, ethical and anthropological dimensions.

[22] Williamson, 1975.
[23] Figures taken from *Alternatives Economiques*, February 2001, p 53.

2/ Paradoxically, the emerging dependencies threaten the proper functioning of the market mechanism, and by doing so put in question the quality of allocation of resources realised worldwide under the auspices of globalisation.[24] In consequence the creed of efficiency that underpins the economic reading of the idea of 'Open Society' would be in question, as well as the essence of what is called 'the received economic theory'.

3/ Some fields of human activity are more prone to globalisation than others. It seems that less globalised activities are to bear the whole burden of adjustment to changes imposed by the wholly globalised layers of human activity. Therefore, the apparent interdependencies between activities of differing level of globalisation tend to turn into asymmetrical relations whereby less globalised become dependent on more globalised activities. This is true among enterprises, where the competitive advantage of the global VEBs increases the strength of their position in respect to their smaller and more local partners and suppliers. There is an analogy, but not a complete identity, between this conclusion and the reading of globalisation in terms of 'centre vs. periphery' paradigm.

4/ The transformation of interdependencies into genuine dependency relationships brings the question of power to the forefront. Hence the question of power is an integral part of the globalisation and has to be explicitly addressed. This necessity is barely acknowledged today and transformations that have been discussed in this contribution take place in a political vacuum, where regulations either do not exist or are purely functional. In this sense there is a growing and urgent need to fill the vacuum with appropriate governance solutions. These solutions should care for limiting the weight of purely economic considerations in social life and aim at preventing whole societies from becoming consenting slaves of a holistic design having his clear ideological and anthropological roots that could be called 'économisme integral'. Globalisation is only one dimension of this design, one step on the road to a fully market – or to use G. Soros words – a purely transactional civilisation.[25]

5/ The challenge of governance has to be addressed from two extremes: one is institutional design, the second is acknowledgement by growing circles of persons and organisations that we all have a responsibility in working for the common good which – at least in the Christian view – extends far beyond the purely economic dimension.[26]

[24] Cochy, 1999.
[25] Dembinski, 2000.
[26] Zieba, 1998.

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GLOBALISATION AND NON-MARKET RELATIONSHIPS

PARTHA S. DASGUPTA

I want first of all to congratulate Dr. Dembinski on an excellent paper. It is very well argued, it is extremely well documented, and there is a point of view. I will begin by summarising the four points that he raised and I want to speculate on one or two aspects, but with a very different illustration that reflects my own expertise and the kinds of areas that I like studying, to see how the globalisation issue might be seen from a different lens.

The first point that he raises is one which has been much discussed in the literature, which is that when you integrate two different systems the shocks of one filter into the other. So, unless the shocks are very negatively correlated the individuals in the community will have to face additional risks. This is a point that must be reckoned with. But, against that, of course, there is the argument that perhaps in amalgamating the systems there are benefits to be had in terms of greater productivity. This is a trade-off which has not really been understood or analysed very deeply. Those who are in favour, emotionally, look at the productivity gains. Those who are reticent look at the additional risks that are imposed when shocks are transmitted across interconnected systems – 'coupled systems', as physicists say.

The second point that he raised, which was more in the way of passing remarks, had to do with increased complementarities between goods and surfaces. You need object A, but in order to work with A you need B. B is complementary to A, and then C is required for B, and before you know what is happening you are spending a lot of money for doing something which perhaps was less costly in the past. But now you have to have A, B and C. Why? Because your friend has A prime, B prime and C prime, and in order to communicate with him, you need these additional objects. One might ask questions as to whether there are resource losses as a consequence of this build-up.

The third point which I found very interesting, and somewhat novel in this particular context, was to identify the nature of the 'product' which is increasingly being supplied by the globalisation process or is being reflected in the globalisation process. The relationships between the supplier and the customer are more in the form of what anthropologists would call 'long-term relationships'. I want to come back to that.

So, paradoxically, long-term relationships of certain types seem to be increasing as opposed to being shut down through the growth of markets. At least, that is one side of the story that Dr. Dembinski emphasised.

The fourth point he speculated on was one that has been much discussed in recent literature, namely global governance: the fact that we are now talking about firms which may not be completely under the control of the discipline of a sovereign State.

I want to use this background, this framework, to spend some minutes discussing a different kind of world. The kind of world enriched in the view of this paper is one where people are hooked into 'the market system'. But a great number of people, amounting to billions, are not all that connected to the market, in the sense that a great deal of their own work and consumption take place through non-market channels. If political scientists have in the past specialised in understanding the nature of the state, and economists the nature of markets, I think it is anthropologists who have studied non-market interactions among people. I want you to think, really, of village communities in Sub-Saharan Africa, South Asia. It will help if you think of areas which are semi-arid. And you will see in a minute why. The semi-aridity, really, has to do with the fact that not only are these communities typically poor, but they also face unusual risks in their lives: rainfall, uncertainties, and so forth.

Economists have recently turned their attention to non-market relationships with a view to understanding what kind of exchanges take place, and more particularly, rather than just cataloguing them, to understanding how it is that agreements and exchanges are sustained and implemented. In a market you have contracts. The idealised market is one where you actually write down a contract. If anybody defaults, there is a penalty to be paid. And the penalty is imposed by the government structure: the state, a jail term, in the old days the bankruptcy laws, and so forth. But in a context of two people who live in a village, where there is not necessarily such a government structure (although there are very often), chieftains, priests and others have that kind of authority structure. But a great deal of these relationships are based on, and sustained by, the enactment of, or observance of, social norms. The kinds of exchanges I have in mind are credit, insurance, labour, and the use of common property resources in particular, such as grazing lands, local forests, water sources and so forth. Now these are extremely important on a daily basis for the household. So exchanges amongst them, or understanding how to make use of them, how to share them, are of supreme importance for the survival of not so much the community but the individuals themselves. A great deal of work has been done to try to understand how this happens.

Now, before I discuss the good news, the bad news is that economic theory, as practiced by people like myself and by colleagues of mine, has revealed that many of these long-term relationships, theoretically, can be extremely disadvantageous to some members. They are not always benign.

Some people suggest that whenever you see long-term relationships among people, everybody must be benefiting. This is not true: largely because many of the games are not of that kind. These are repeated exchanges between people and it can easily be that social norms are in fact extremely disadvantageous for certain parties. One can identify the types if you actually look at some of the ethnographic work that has been done.

There are of course benign ones as well. Agreements between people in a village community to share in commodities, as I said, credit, insurance and labour, involve the understanding that if default takes place, unless it can be explained, there will be some penalty. The penalty will be imposed by the community itself. There are layers and layers of norms which have been studied at some length. That is to say that you punish somebody who has not punished somebody who deserves to be punished, and so forth. So, the punishments here could be shunning. It does not have to be the whip; it could be social ostracism of one kind or another. A good deal of work has been done to identify the nature of these punishments and meta-punishments, the sets of punishments that actually operate. What has globalisation to do with this? The really sad thing in some aspects of globalisation literature is the non-acknowledgement of the fact that we are in a world in which there are non-market relationships which have to sit together with increased market relationships. And one of the phenomena that can take place is that an expansion in markets means that in certain local markets, that is to say in a nearby town, the more advantaged people in that rural community might be in a position to take advantage of them. On the other hand, of course, there are members of the community who are not so well positioned. You might, you could, you may identify that group. It will typically be made up of children. It will be women with children who are not that mobile, who will not be able to take advantage of those opportunities that occur. And one can anticipate a certain unravelling of lifestyles where those who can take advantage do so, but in the process certain long-term relationships which supported groups, the more vulnerable groups, are removed. Recent work by Ram Chopra in Delhi seems to offer evidence that this kind of breakdown has actually occurred in parts of Sub-Saharan Africa and North India. These are special groups and in each village they may be few in number. If you take into account the number of villages (and there are lots of villages, India, for example, has half a million villages) not all of them are subject to this kind of problem. But some are. The important thing is that local governments, national governments, should be more sensitive to this phenomenon.

To sum up, when I think of the globalisation debate, and one sees that it has an emotional resonance, it seems to me that one does worry about the points that have been made very effectively in Dr. Dembinski's paper. I thought I would complement the paper by thinking about a different part of the world where the transactions that are taking place are actually somewhat outside the system, whose encroachment, nevertheless, is affecting them.

TAKETOSHI NOJIRI

Thank you very much, Prof. Dembinski, for your suggestive report, which is a very acute economic-scientific and civilization-historical analysis of the contemporary globalization of the economy. As discussed by the author, I have hardly anything to add to the analysis offered in his paper. However, I would like to make some comments on another aspect, i.e. from the point of view of the theory of economic systems.

1. The Concept of Globalization

1-1 In the first place, globalization must be distinguished from globalism, which is usually libertarian globalism. This is a worldwide trend that can no longer be removed, a universalization, a transnational rather than an international process.

1-2 Of course, historically speaking, this globalization did not begin recently. It is, however, during the last decade that people have often spoken of 'globalization'. I find that there are at least two backgrounds here.

One is the high wave of technological innovation, especially the so-called 'IT-revolution'. The high speed progress of digitalization and virtualization engendered by it is now reducing the restrictions of time and space.

The other is the breakdown of the Communist world. Because of this breakdown, the market economy, whose leading actor, private enterprise, acts by its own nature according to profitability and ignores State borders, came to cover the whole world. For this reason, the present globalization is nothing else but the globalization of the market economy.

1-3 In connection with this, another tendency in the world economy must not be neglected. I am referring here to regionalization, which can be seen in the EU, NAFTA, AFTA, etc. Here regionalism dominates, something that is different from the blocism of the period between the two world wars. Although globalization and regionalization contain somewhat contradictory elements, these two tendencies are totally the same in that they drive States to lessen their borders in order to favour the movement of capital, labor, information etc.

This means that the State begins to retreat. It could be said that the age of the modern sovereign State is now coming to an end.

2. The Globalization of the Market Economy

2-1 In my opinion, in principle the problems of the global market economy are not essentially different from those of the market economy in general. The market economy, which is based upon free competition and regulated by market mechanisms, has both advantages and defects. In the recent global economy these have been markedly enlarged and intensified because of the globalization of competition connected with high-technological innovation.

Needless to say, the greatest advantage of the market economy, compared with the planned economy, lies in its efficiency, as was proved practically as well as theoretically throughout the twentieth century. The present globalization of the market economy will perhaps open up a new horizon in the economic life of mankind through a major and rapid increase in the material productivity of the world.

But, owing to the lessening of borders and to rapid technological innovation, market competition is intensifying, to the point of being, as is already often said, ‘mega-competition’. And thus although material welfare may be rising, two defects of the market economy, i.e. instability and concentration, are growing more intense as well.

Such phenomena have already appeared one after the other. For example, from 1997 to 1998 a sudden and large scale removal of short-term capital by American hedge funds caused severe damage to developing nations. On the other hand, nowadays, among leading corporations in the world, various kinds of M&A are rapidly going on, though concentration among them has been already widely extended. And from these emerge various new kinds of domination and dependence between larger and smaller firms, suppliers and customers, advanced and under-developed nations, as was illuminated in detail by Prof. Dembinski.

2-2 Then, as is the case within a State, in the global market economy too it becomes indispensable to establish and institutionalize the framework for ordered global competition, above all the global rules or standards in competition, for example those concerning labor, property, accounting systems, the open market, trade practice, etc.

On this point, I would like to refer in particular to only one problem, which seems to be growing more important from an ethical point of view as well. What should be understood by the phrase ‘intellectual property’? This problem must become more important in the future because in the post-industrial information society which is now emerging the creative intellect and knowledge will be decisive at the level of socio-economic power. In pre-modern agricultural society and in modern industrial society, on the other hand, landownership and enterprise-ownership respectively played the decisive roles.

And when establishing the global rules, care must be taken in relation to the fact that the institutionalization of global rules is often apt to be subjected to the standards of the most advanced nations.

2-3 At any rate, although the globalization of the market economy must be accompanied by the universalization of market competition and its framework, each nation has its own social and cultural traits, and its socio-economic style as well its own stage of economic development, which vary between countries. Generally speaking, as free-competition is also power-competition, global market competition works much more favorably for powerful large enterprises and for advanced nations. Hence there also emerges the danger of a new colonization by economic power rather than by military or political power.

On the other hand, in developing countries pursuing rapid modernization, a nationalism usually dominates which tends to prefer protective measures to an opening up of their markets. By accepting direct investments by enterprises from advanced nations, developing countries can foster industrialization and increase employment. But it is also certain that through the permeation of market competition and market-social relations into developing nations their internal forms of social solidarity and their own cultures are eroded. Here respect for human dignity and with it the characteristics and autonomy of each nation must be upheld as the fundamental requirements of the globalization of the market economy. This is the principle of vernacular universalization, or to use Prof. Crocker’s term, ‘cross-cultural globalization’.

3. The Globalization of Measures to counter the Limits of the Market Economy

Lastly, I would like to draw attention to the limits of the market economy and to the measures that are necessary to cope with them. Prof. Dembinski only briefly mentioned these subjects in his conclusion.

3-1 Although throughout the twentieth century the market economy won a victory over the planned economy, the market economy itself is not, and cannot be, a panacea (a cure-all). Even if the market economy worked in a perfectly free and equitable way, there would still be a large number of socially important problems that it could not solve. This is the most important 'market failure', to use the technical term. The global economy must never be governed by a global market-economism or a global libertarianism. On the contrary, from the viewpoint of the global common good, various global measures against these limits of the market economy itself, and the cooperation of all nations, especially of advanced nations, are indispensable.

3-2 Here, too, global economic policies with a certain coercive authority are required first of all. Besides the above mentioned measures for free and fair market competition, global policy must counter the limits of the market economy itself in the following ways:

First, the defence of world public (collective) interests: e.g., the UN, UN forces, the International Court, etc.

Second, countermeasures against the external effects of the activities of companies, above all against global social-cost, e.g. the erosion of external nature (the natural environment and resources), cultural goods, etc.

Third, the just distribution and redistribution of the world's wealth: e.g., official and private aid for developing poor nations (ODA, etc). In addition to such aid, a global investment project for development and employment (a globalization of Keynesian policy so to speak) should be planned and implemented.

3-3 Moreover, there is another important way to cope with the limits of the global market economy: the globalization of voluntary civil activities.

A notable recent tendency in advanced nations has been that various NGOs (NPOs in a wide sense) have rapidly increased to the point of forming a third sector between the market and official sectors. In addition, these voluntary organizations often create new forms of transnational solidarity: disaster relief, medical care, environmental conservation, etc.

In this regard, at least two points must be emphasized. First, this increasing number and role of voluntary organizations implies that the individualism and the economism which have governed the last two centuries are beginning to be transcended. Second, the increasing activities of such intermediate organizations will conform totally to the principle of subsidiarity. This movement, with the establishment of adequate official regulations, must also be fostered to counter the failures of the market.

If it is the case that in the twenty-first century the world system, like the social system in advanced nations, will become a three-dimensional mixed order, composed of the market, voluntary and official sectors, it could be said that the age of alternatives, i.e. the market vs. planning, individualism vs. totalitarianism, or liberalism vs. communism, has passed. Does not this trend show, in principle, a drawing near of historical reality to the social teaching of the Church, which since the end of the nineteenth century has emphasized the role of autonomous intermediate organizations besides the roles of market and government, and proposed in reality a three dimensional social order?

GLOBALIZATION AND THE NEW MIGRATORY QUESTION

STEFANO ZAMAGNI

1. Introduction and motivation

It happens that there are words which are added to our lexicon (even non-specialized one) so strongly and so frequently that they provoke heated debate and deep wounds even before they are properly understood or, at least, clarified. This is definitely the case of the term 'globalization'. First used in 1983 by American economist Theodore Levitt and made popular some years later, in 1988, by Japanese scholar and business consultant Kinichi Ohmae in his work on the worldwide strategies of multinationals, the term 'globalization' has obsessively progressed in just a few years to surpass the confines of economic debate and be included in the areas of sociology, anthropology, politics, philosophy and technico-scientific disciplines. Its use has progressed to such an extent that the 1991 edition of the *Oxford Dictionary of New Words* considered 'global' to be a new word with great potential. (In point of fact, the said dictionary sustains that this use of the word 'global' originated from the idea of the 'global village' in Marshall McLuhan's renowned *Explorations in Communication* of 1960). It is therefore certainly true to say that globalization is a typically complex phenomenon, using the word 'complex' in its literal sense (*cum-plexus*) of 'consisting of interconnected parts', which consists of anything that simultaneously implies distinctions and tensions of the parties involved, and converging and contradictory aspects. It will consequently be no surprise to see the myriad of interpretations and ways of responding to the associated risks of globalization that can be found in the literature of the past decade.

In fact, globalization divides scholars and policymakers as much as it unites them. Given the many different aspects it includes, globalization cannot be examined from a single angle, not even the economic-financial angle. It would therefore be deceptive to try and capture the in-depth realities (not the superficial ones) of globalization within a specific field of study, even after fine-tuning the techniques and analytical instruments. We can aspire to tracing the borders between disciplines, but we run the risk of coming up against an arbitrary dividing line, as Michel Foucault reminds us in his *L'archéologie du savoir* with regard to the aporias found when discontinuities are sought in historical research.

In what follows, after a brief characterization of what I consider the core of the globalization phenomenon (Sect. 2), I will examine the major risks of the current transition towards a globalized world. (Section 3). One of these risks has to do with the new features the migratory question is being taking in these days. (Sect. 4). Finally, in Sect. 5, I shall be putting forward a proposal to set up an international agency for migrations, starting from the recognition that world governance of population movements is today surprisingly inadequate and insufficient.

2. ABOUT THE *RES NOVAE* OF GLOBALIZATION

Let me delve a bit into the heart of the globalization phenomenon by illustrating the most significant differences between industrial and post-industrial society. With the advent of manufacturing, a lifestyle based on the *separation* of production and consumption spread throughout Western societies: a separation between man as a worker (contributor of productive force) and man as a consumer (holder of needs). Work and consumption refer us back to two opposing but complementary principles: the obligation (the discipline of production) and the freedom (free time). This separation is justified (and glorified) by resorting to the different possibilities of achieving economies of scale in both areas; significant economies of scale can only be obtained in the area of production. Let us try to identify the significance of this condition more precisely.

The industrial society is a society that produces goods. Machines have a predominant role and the rhythms of life assume a mechanical cadence. Energy has replaced muscle power and accounts for the enormous growth of productivity, which is responsible for the mass-production of goods. Energy and machines have transformed the nature of work: abilities have been broken down into elementary components and the artisan of pre-industrial times has been replaced by the new figure of the technician and the semi-specialized worker. It is a world of coordination and organization, in which people are treated as 'things' because it is easier to coordinate things than people. It becomes necessary to make a distinction between roles and people. Organizations are concerned with the requirements of roles, not people. The *techné* criterion is that of efficiency and the way of life is adapted to the economic model, whose key words are maximization and optimization. Some traditional elements and characteristics do remain, but repetitive, subdivided work is the main feature of industrial mode of production. In fact, the division of work not only determines people's roles or functions inside the factory, but also in society in general. From the moment they enter the job market, people find that professions have already been determined and that they must adapt their personalities to the functions society has given them. Taylorism is an attempt to theorize this new phase in the organization of work. The rhythm of work is controlled by the assembly line and workers' initiative and experience are reduced to the minimum. Thus, large-scale mass production brings about a total disqualification and impersonalization of worker as a person.

It should be noted that these consequences of the division of labour on working conditions do not depend on the way in which the control of the productive process is organized, whether on a model of capitalist property or centralized planning. A socialist state may abolish private ownership of production means, eliminate the middle classes, impose conditions of ambitious equalitarianism for all, but it cannot abolish workers' subordination to the inflexible laws of mechanized production. 'The last word on Capitalism', wrote Lenin in 1918, 'is contained in the Taylor system … the refined cruelty of bourgeois exploitation combined with a series of extraordinarily rich scientific achievements relating to the analysis of the mechanical movements of labor … The Soviet Republic must do whatever is necessary to possess everything of value of the scientific and technical achievements in this field … The Taylor system must be studied and taught in Russia' (*Opere Scelte*, Editori Riuniti, Rome, 1978). It will be observed that Lenin fell into the trap of believing that he could use Ford-Taylorism without 'disinfecting' it. Indeed, Gramsci himself did not manage to escape completely from this sort of cultural conditioning: when talking about Fordism Gramsci did not fail to point out how it could enable workers' minds to be free and therefore available for political involvement.

The changes in the structure and organization of work that Fordism signified were accompanied by similarly radical modifications in consumer habits. The affirmation of the 'assembly line' had its correlation in the affirmation of consumerism, with the consequent typical dichotomy of 'modern times': on the one hand, the loss of the sense of work (alienation) and, on the other hand, as if it were a compensation, the opulence of consumerism. It may be recollected that Ford and Taylor considered themselves to be benefactors of mankind precisely because, by relieving workers of the fatigue of thinking, they allowed them to devote an increasing part of their income to recreational and regenerative activities.

The advent of post-Fordist society has created the conditions for overcoming both the separation between the generation of an idea and its execution on the job and the concept of consumption as an antidote to the alienation of work. However, it brought about a new dilemma: free time versus work. It can be summarized as follows: nowadays, the poor have little money and plenty of time, whereas the rich have plenty of money and little free time. The rich of the past, on the contrary, had plenty of both time and money. The new fact is therefore that the increase in the production of goods, and particularly the unceasing increase in productivity levels, has generated a new scarcity: time for consuming. As Cross effectively documents and argues,[1] it has always been known that it takes time to produce things; the novelty in today's stage of development is that the scarcity of time has also begun to make itself felt in the process of consumption itself: more time is needed to consume growing quantities of goods and services. The result is that time has become money, not only with respect to work (which has always been true), but also with respect to consumption. And this explains the continual creation of new activities and products whose purpose is to save time *in* the process of consuming, i.e. with the aim of raising what in economics is called the consumativity rate – an index that measures the quantities of goods and services that can be consumed within a unit of time. Just think of what mail orders, fast food, e-commerce, etc. mean to us today. As Baumann accurately observes, the fact that consumption takes up time is, in fact, the ruin of the consumption society. The consumption society – not the society of consumers – would, in fact, require consumer satisfaction to be instantaneous from two points of view: consumed goods should generate satisfaction without obliging the consumer to acquire any special new abilities (the use of computers should be more and more user friendly if it is intended to make surfing on the Internet an instrument of consumption, as a way of occupying free time); the satisfaction linked to the consumption of a specific good or service should be fulfilled as quickly as possible to make way for other wants and needs and, consequently, the consumption of new goods and services.

[1] G. Cross, *Time and money*, Oxford, Clarendon Press, 1996.

However, although it is true that consuming more quickly will lead to increased quantities of consumed goods – and consequently the production levels of consumer goods – it is also true that it does not lead to more free time, the time in which people are 'capable' of practicing free choice. The reality before our eyes is clearly that work is no longer surrounded by that Messianic aura with which it was bestowed during the Fordist era – man is work, according to the theories of J. Locke, K. Marx and others; the history of humankind is the history of work – but that does not mean to say that we are working less. Just the opposite: work is increasing and taking up more of our time. As Totaro[2] opportunely observed, the rejection of the typical Fordist utopian concept of work has been surpassed as the time taken up by work has lengthened, and a new paradox has been created: nowadays, people know more than before about the need, for example, to travel, but they have less time to do it. This gives rise to the subjective frustration of seeing one's life absorbed by work and consumption.

In the past, people's lives were taken up mainly by work alone; consumption was confined to satisfying more or less fundamental needs (In fact, except on very rare occasions, such as the case of N. Georgescu Roegen, economic theory has always perceived consumption as an unproductive economic activity). Nowadays, consumption is also a 'means of production' because goods 'need' to be consumed, and if the need for the goods is not spontaneous, if people do not feel the need to have more goods, the need is generated in one way or another all the same. And this is the difference between the 'inducement of consumption' of former times and the 'manipulation of consumption' of current times. And this, in turn, is the difference between consumerism and hyperconsumerism. In this process, production uses consumers as its allies by involving them to a certain extent in the decision-making process. This was not the case when Henry Ford could say, 'My customers can choose whatever color they want for their car, provided they buy a black one'. In the words of Baudrillard, we currently live in a world in which all environments are directly or indirectly focused on consumptions.

What does all this have to do with lifestyles? The organization of present-day society, and consequently production, is bent on reducing people's free time, because consumption is perceived as the economic activity par excellence. This presents us with a great challenge: to find a satisfactory, high-profile balance between work, consumption and free time.

[2] F. Totaro, 'Ansie e aspirazioni del mondo del lavoro di oggi', CEI, Rome, 2000.

Upon reflection, the real current challenge for developed societies is the way in which the fruits of economic growth linked to the use of information technologies are shared out between time and money, i.e. between having more free time and having more money with which to consume. In the past, the challenge used to be what portion of one's income should be spent on consumption and what should be set aside as savings for the accumulation of capital.

In point of fact, we are now in a condition to take Seneca's recommendation seriously, as he wrote in his first letter to Lucilius, 'If you think about it, a large part of life slips by while we're doing things wrong, mostly by not doing anything; our whole life long, we're doing anything rather than what we should be doing. Can you show me anyone who gives due value to his time and to the whole of every day, and who realizes that life's slipping by day after day? ... Everything, Lucilius, depends on other people; we are only masters of our own time. Time is the only possession of which Nature made us masters and it flies by and we let the first person who comes along take it away from us. We are so foolish that, when we acquire goods that are of no value but have to be paid for, we let others charge us for them; but no one who has caused others to waste time feels he owes anyone anything, although this is the only asset we cannot return, despite having all the will in the world'. Insofar as the subject of this paper is concerned, this fragment from Seneca can be taken as an incentive to look for new ways of using time in a society that has been defined as a consumer society. We must therefore be on the lookout and adopt a culture that will enable us to correct the weak points of a civilization obsessively built on *homo faber* (the production man) in favor of *homo agens*, a man capable of acting so as to manifest the being which is in himself.[3]

3. The risks of the current transition

Based on the above, I will now touch upon some of the serious risks linked to the current transition. One of these risks has to do with the fact that globalization is a positive sum game, a game that increases overall wealth and income, but at the same time tends to increase the social distances between countries and inside each country, even wealthy, the dis-

[3] See, in this respect, the penetrating considerations in K. Woytila, *The acting person* Cracow, 1969.

tances between a social group and another. In other words, globalization reduces absolute poverty while spreading relative poverty. This is a paradox: something that, according to the Greek etymology of the word, marvels, surprises. While overall wealth increases and absolute poverty (the inability of a person or group of people to attain the threshold conditions of subsistence) decreases, relative poverty is on the increase. According to recent official studies,[4] globalization has reduced absolute poverty over the past 25 years: there would have been approximately 2 billion people living in absolute poverty, whereas currently there are 1.2 billion. This is clearly still a tragic figure, but lower than it would have been without globalization. Many observers, who do not distinguish between people living in absolute poverty and relative poverty, sustain that the existence of 1.2 billion people living in absolute poverty is a result of globalization. This is not true. However, it is true that globalization increases the gaps, and that is a serious problem. It has been shown that when inequalities – relative poverty – exceed a certain critical threshold in a given country or region, the conditions become ripe for the outbreak of a real, full-scale civil war. There have been 49 civil wars in the world over the last 40 years, the vast majority being triggered by ever greater inequality. Therefore, no one who values peace can remain silent in light of the increase in relative poverty. This explains why Pope John Paul II supplements the traditional definition 'Opus iustitiae pax' with the new 'Opus solidarietatis pax' (peace as the fruit of solidarity). Moreover**,** when relative poverty increases significantly, democracy itself comes under fire. This cause/effect relationship has been demonstrated: when inequality in a country exceeds a certain level, those in a position of relative disadvantage stop participating in the democratic community life, which leads the way to the varying forms of totalitarianism, the most prevalent at present being technocratic, not military, totalitarianism.

A second major risk has to do with the emergence of a specific rule regarding community life, a rule based on the new type of competition economists call positional competition. It is quite true that competition has always existed ever since the market economy took shape, i.e. at least since the 15th century. But until recently, competition only appeared as a

[4] B. Milanovic, 'How great is world inequality?', *WIDER Angle*, 1, 2000. According to a recent research of the World Bank, the world Gini coefficient – which is the most widely used indicator to measure inequality – was, in 1988, 62.5. In 1993, it went up to 65.9 and in 1999 to 69. Such an increase in the Gini coefficient is something extraordinary.

regulating principle in the economic sphere. Now, however, it has entered other areas of life: family, politics and civil society itself, and the results are beginning to be felt. For example, when the rule of competition enters family life, it shatters it: the family cannot work according to competitive principles. Can you imagine what would happen if the relationships between parents and children, husband and wife, brothers and sisters were ruled by competitive principles? But politics does not work well either if based on competitive principles because, as Aristotle taught, the main task of politics is to achieve the common good. The same can be said for civil society at large. People are born to be happy, but happiness can only be found in relationships with others: no one can be happy by themselves: at least two people are necessary. One can live by oneself to maximize utility – as the celebrated parable of Robinson Crusoe teaches us – but, to be happy, one needs someone to relate and refer to. Here we are up against a paradox: if the rule of community life becomes that of positional competition, the other person becomes our adversary, someone we must figure out a way to beat. But at the same time, to be happy I need to relate with another person, who becomes the efficient cause of my self-consciousness. With the constancy he is known for, John Paul II jumps right in to harp on this point: his denouncement of this risk of globalization was the underlying argument of his message for World Peace Day of January 1st, 2001. Rivalry is necessary for the market economy: an economist certainly cannot deny the importance of competition on the market. But it cannot become the rule of behaviour nor the measure of judgment within the family, politics and civil society.

A third risk concerns the connection between globalization and democracy. We should be aware of a new factor that members of the legal profession have been looking into for some time now: in the era of globalization, new entities are being created that exercise normative and regulatory powers but often are not democratically legitimized, i.e. they are not accountable to any specific *demos* or constituency. There are examples among the great international organizations (the International Monetary Fund, the World Bank, the World Trade Organization), but there are also some non-governmental organizations that are more powerful than many nations. These entities are capable of moving considerable resources and imposing rules of behavior but have not been invested with powers by the people. This is a new problem: international organizations used to answer directly or indirectly to governments, but this is no longer the case. Transnational companies (now taking the place of multinationals, which are on their way out) are often self-referential. These entities are even capable of generating their own laws. Consider the new *Lex Mercatoria* that is not the result of any democratic process involving voting like in a parliamentary session. Instead, agreement comes in the form of a contract between the parties concerned.[5] It is becoming more and more common for political authorities to give way to technocratic authorities, which means that the legitimization of power is shifting away from traditional positions. It is not difficult to apprehend the dangers inherent to such processes, the most serious being the possible threat to human rights.

Finally, a fourth major risk of the present transition is related to the circumstance that the movements of people from one country to another, or from one region to another, have never known the intensity and problematic nature of recent years. It is of course true that migration is as old as humanity itself. Yet it cannot be denied that over the last few decades characteristics and trends have emerged, especially after the fall of the Berlin Wall, that are completely new. Two issues need to be focused on at once.

The first concerns the disconcerting paradox of the present historical phase: economic globalization, while it accelerates and magnifies the freedom to transfer goods and capital, would seem, sometimes explicitly but more often implicitly, to hinder the movements of people, imperiling the proper functioning of their freedom of movement which is, a basic right that is recognized as such by everyone. In other words, at a time like the present in which the culture of the market is becoming universal and pervading all the domains of social life, it should seem normal to see in migration a resource for the advancement of human progress. And yet when that same market culture is applied to the movement of people, the terms that recur are expulsion, rationing of entries, special permits. To tell the truth, it is not difficult to discover the root of such an asynchrony of attitudes. Hindrances and obstacles to the movement of people are not applied to all immigrants indiscriminately, but only to those who, coming from certain geographical areas, are the bearers of specific needs. This is a typical manifestation of the so-called 'Johannesburg syndrome', according to which the 'rich' must begin to defend themselves from the 'poor', reducing or hindering their movements. A new rhetoric is thus spreading at the cultural level: the migrants are deemed responsible for the crises of society, for new collective fears, and constitute a serious threat to the preservation of national identities.

[5] On the issue of the relationship between globalization and democracy, see M.R. Ferrarese, *Le istituzioni della globalizzazione,* Il Mulino, Bologna, 2000.

The second question raised by the new migrations is that of the definition of belonging: who can be considered a member of a given political community, and who is excluded from it. I am persuaded that the belonging question is a more urgent one than the considerably older one of distributive justice. Indeed, only after identifying those who are entitled to specific rights can one pass on to discussing the principles of justice to be applied to a given population. In this sense, the solution to the migration issue constitutes a *primis* with respect to the problematic of social justice. How does the question of belonging, with specific reference to the figure of *homo migrans*, concretely manifest itself? Not so much in denying the migrants certain kinds of assistance or access to any particular service or facility, but rather by denying them their dignity and self-esteem. This happens every time the migrant is subjected to systematic practices of humiliation.[6]

4. Migrations in the epoch of globalization

Without making any claim to comprehensiveness, a picture of the situation at the world level shows that around 140 million people today live outside their country of birth or origin (the figures are those of the UNHCR); in 1965 there were around 75 million. Of these 140 million, 75 million are distributed among the various developing countries, and the remaining 65 million in the advanced countries. Of the latter, there are around 30 million foreigners present in Western Europe. Of special interest are the data on migratory flows in the last few years. In 1998, for example, it has been calculated that about 450,000 people sought asylum, either as refugees or as migrants, in the 29 more advanced countries. In 1997 the applications stood at 445,000, and in 1996 about 480,000. If it is true that one may speak of a relatively stabilized situation for the total number of applications, 1998 saw important changes in the structure of the geographical areas to which the applications were addressed. Overall, Europe received 366,000 applications for asylum (compared to 260,000 in 1997), and of these, 299,000 were addressed to the 15 countries of the European Union (252,000 in 1997). The USA, on the other hand, saw a remarkable decline in numbers: from 84,800 in 1997 to 35,000 in 1998; and the same goes for Japan (a reduction of 46%) and for Australia (a reduction of 16%).

[6] M. Robinson, 'Making the global economy work for human rights', in G. Sampson (ed.), *The role of the WTO in Global Governance*, UNU Press, New York, 2001.

Though crude, the data demonstrate that Europe, and especially the European Union, is becoming the principal magnet for migratory flows at the world level. Furthermore, if one takes into consideration the so-called *load* quota (defined by the ratio between the number of those applying for asylum and the resident population in each country), still with reference to the UNHCR survey, it can be seen that in 1998 Europe had on average one application per 1,300 inhabitants; Germany accepted 28% of all the applications for asylum addressed to Europe; Great Britain 14.7%; Switzerland 11.7%; France 5%; Italy 1.2% etc. Finally, it may be interesting to recall that the flows of refugees tend to favor the direction South – South (from Vietnam to Hong Kong; from eastern Pakistan to India; from Myanmar to Thailand etc.) whereas the flows of migrants, both legal and illegal, tend to favor the South-North axis. Clearly, since the LDCs are not a homogeneous reality, conspicuous flows of migrants of the South-South type are present and will continue to be present (the most emblematic case is perhaps the one concerning the movement of people from Central America to Mexico).

In which sense can one say present-day migrations are different from those which occurred in the past? As some scholars point out, today's migrations and the first mass movements that occurred in the 19th century have several features in common. One recollects in fact that in the 19th century and up to the outbreak of the First World War, some 52 million Europeans migrated from their native countries. Up to 34 million of these people moved to the USA. The famous *Passenger Act*, passed by the Westminster Parliament in 1803, encouraged migration to the former British colonies. By 1860 Great Britain provided 66%, and Germany 32%, of all Europeans migrating to the Americas and Oceania. By 1880, Germany was to become a net importer of workers. If these data have to be remembered in order not to overemphasize differences between the past situation and today's, one should at the same time also recognise striking dissimilarities. One is the introduction of new technologies into production processes, a change that brings countries that are spatially far apart much closer to each other. However, this process has not removed the cultural gaps but in fact has widened them. That the connection between cultural realities and the adoption of new technologies is of central importance in social integration processes is now clear to everyone. As long as all that is expected of the immigrant is that he or she performs purely mechanical operations, the cultural gap between host and immigrant populations is hardly perceivable. This is not the case when, in order profitably to enter the workforce arena, the immigrant has to acquire and master logical and organisational patterns that are rooted in a clearly defined cultural matrix. The integration of the immigrant in technologically advanced societies produces problems that are far more delicate than those that existed even in the recent past.

A second element of marked differentiation between today's migrations and yesterday's is that facts do not seem to confirm the thesis, so fashionable until the 1980s, that the most efficient device to relieve migratory pressure would be increased employment opportunities in developing countries. If such a proposition were correct, it would suffice to suggest that these countries adopt labour intensive techniques to stop, or at least reduce the extent of migratory flows. However, this is not how things are at the moment. In the first place, in developing countries emigration, far from being an alternative to the process of growth, is an instrument to set this process in motion. This occurs thanks partly to the money that emigrants send back home. This makes it possible for financial resources to reach potential users without it having to go through governmental or public agencies. Also, emigration provides the fastest and cheapest way to acquire the skills and knowledge required by the new technological paradigms. In the second place, during the first phases of the growth process, migration specific incentives are generated. Indeed, the increase in socio-economic inequalities that invariably marks the first stages of development leads growing segments of the population to turn to the migration path. Moreover, as the *new economics of migration* has clearly demonstrated, one ought to focus on the family rather than on the individual. Within such a perspective, the decision to migrate is perceived as a strategy to diversify risks: some family members emigrate in order to enable those who stay at home to stand a better chance of improving their situation. To sum up, it would be fallacy to think that migratory flows can be stopped simply by relying on the growth factor. If growth is certainly necessary, it is nevertheless insufficient to counteract the push to migration at least in the short and medium run.

In the light of the above considerations, one can understand the feeling of fear pervading western populations: a fear that our societies may in the end turn out to be incapable of controlling growing masses of immigrants who are bearers of cultures remote from our own. Faced with fear and uncertainty, the prevailing attitude seems to be that of the blockade, and to deal with the problem by 'sweeping it under the carpet' and thereby not to deal creatively with a problem of epoch making significance. As Pope John Paul II writes in his message of June 2, 2000 to the Jubilee for migrants and itinerants, 'Unfortunately, nowadays one still witnesses exclusion and even rejection behaviour due to unjustified fear, and a withdrawal into one's own concern. Such discrimination is not compatible with devotion to Christ and membership of the Church'.[7]

5. Towards a World Migration Organization

What is new in the present age is the globalization of capitalism, and more specifically, the removal from the social control of national communities of their power over capital. The economy has become global, whereas politics has not. At best, it is international. This has eliminated a stable connection between state, population and wealth: 'wealth without nations', as the saying goes.

At the same time, our age has also witnessed the emergence of a new idea, that of the existence of essential inalienable rights for everyone, and for all peoples. From this we have the gradual recognition of a single universal right, whose point of departure is the Universal Declaration of Human Rights of 1948, and whose legitimacy is no longer derived from individual states, but directly from the human being (obviously, there are still many countries that in the name of their different cultural identity do not accept this uniqueness of universal right). It is through an increasing awareness of this unique universal right, later codified in various agreements (and in particular by the International Convention on economic, social, and cultural rights of 1966), that we can now speak of the rights of the migrant. 'The International Convention on the rights of all migrant workers and members of their families' adopted by the General Assembly in December 1990, is one of the most significant results of this movement of ideas and actions.

Nevertheless, at the moment of writing, only sixteen states have ratified the Convention, and only ten have signed it. Yet the Convention requires at least twenty ratifications before it can begin to produce its effect. Why is this the case? The real problem with the Convention is that it does not contain the incentive mechanisms that promote participation and compliance. And in the absence of a transnational agency or authority capable of enforcing

[7] For an elaboration of the whole question see my 'The migrant question in the third millenium: tendencies and perspectives', Geneva International Yearbook, Geneva, XV°, 2001, from which sections 4 and 5 draw with some changes.

compliance with the rules set down in the Convention, the countries of the North have no interest in ratifying it. The result is obvious to everyone: to the present time, there has been no international governance of migration. We do have the ILO (International Labor Organization) but this only deals with the legal flows of labor. We do have the UNHCR, but this important agency of the United Nations deals only with the question of refugees, and more recently, of internally displaced people. And so on. It is thus not at all surprising that the migration question tends to get more and more complicated.

Just as we need institutions to ensure that closer integration of markets produces real benefits for all (this is the ultimate raison d'être of the World Trade Organization), in the same way we need a transnational institution (not bureaucracies) to protect migrants' rights and to punish the increasing number of violations of those rights around the world. Following Bhagwati's proposal,[8] I am of the opinion that the time has come to loudly demand the constitution of a World Migration Organization (WMO) to go beyond national *ad hoc* measures, as well as the various bilateral and multilateral agreements that are making the situation worse. This will be an agency which can be asked not only to monitor and facilitate the implementation of the rules already in existence, but to carry out two further tasks: first, to foster cooperation between countries belonging to the same area so that they may adopt homogeneous migration policies, and secondly, to function as arbitrator for the settling of disputes.

Two important objectives could be reached by such a WMO in a short time. The first concerns the reliability of the statistics on migration. Reliable statistics are still not available on migration flows. We do know the proportion of foreigners present in a country. But the variation over time of these proportions do not provide us with useful information about the dimension of the flows of migrants, and about the qualitative characteristics of migrants. And yet without this, not only is it impossible to set up serious and coherent policies of intervention or aid (it has to be borne in mind that migrants are by no means an undifferentiated mass of individuals and therefore the various segments they form express qualitatively different needs and aspirations), but it is also difficult to argue convincingly against certain kinds of political opportunism, or effectively oppose the diffusion of false information whose only aim would seem to be to spread panic and apprehension among the native populations.

[8] J. Bhagwati, *A Stream of Windows: unsettling reflections on trade, immigration and democracy*, MIT Press, Cambridge (Mass.), 1998, ch. 31.

The question arises: why should it be so difficult to arrive at an adequate information base, or at least one whose sources were uniform? The main reason lies in problems of definition. The Convention of the United Nations on Refugees in 1951 defined a refugee as a person who found him\herself outside his\her country, and unable to go back for the 'well-founded fear of persecution'. This is the definition still adopted by all first world countries. On the other hand the Convention on Refugees of the Organization of African Countries of 1993 tells us the refugee is he\she who seeks 'refuge in another country as a consequence of attack, the occupation of the territory, generalized violence, and events that seriously disturb public order'. It does not require a great deal of imagination to realize how, depending on which definition one adopts, quite considerably different quantifications can be arrived at. In quite recent years, among people officially or professionally involved, the idea also has begun to circulate of 'internally displaced people', to refer to those people in difficulties who live in countries like Afghanistan, Angola, Somalia, the Sudan, the Kosovo etc., and that cannot be called refugees in either of the senses indicated above.

Clearly, hidden behind difficulties that appear to be technical there lie precise choices of a political nature. A first line of attack must lie in putting pressure on WMO so that a revision and updating of the 1951 Convention can be reached (as everyone knows, this Convention was heavily affected by the pressure of contemporary events, i.e. the Cold War), so that a uniform method of arriving at reliable statistics be found.

The second objective a newly instituted WMO could urgently attain concerns whether it is still a good idea to keep asylum applications aiming at obtaining refugee and exile status separate from those aiming at obtaining migrant worker status. In 1998 the percentage made up of the former category was 34%, a significant proportion. Yet I doubt whether it helps the cause to insist on the distinction, for two reasons: in the first place, because it is increasingly hard to make a clear distinction between voluntary and involuntary movements of population. How is it possible to differentiate between those who flee their country because of the threat to their lives they have received, from those who leave because of poverty, intolerable social injustice, or inhumane discrimination in general? As so many NGO documents confirm, the migrant today is moved by a combination of fear, hope, and aspirations, a combination it is impossible to split up into separate components.

Again, while the borders of Western Europe were relatively easy to pass through, the migrant could count on his own financial resources to succeed in arriving at destination. But since more rigorous controls have been introduced, especially to discourage applications for asylum aiming at obtaining refugee status, a highly profitable so-called industry has been born: the traffickers in permits and transport for migrants. This has enormously increased the cost of illicit migrations, with the result that the neediest or most deserving have been replaced by those that in one way or another have been able to procure easy money for themselves. We should not be at all surprised therefore at newspaper reports of asylum applications being made by the least deserving types. If restrictive policies are carried out, for example, on the refugees, it is obvious that the migrant, in his attempt to reach his goal, turns to the channel of immigration for work reasons, and vice versa. The problem of migrations should be faced up to in its entirety, and not with sub-sector policies tending to set in opposition the urgent needs of the various types of migrant, establishing a sort of scale of priorities among them. In this perspective, a statute common to all countries must be insisted upon. The more the asylum procedures are standardized, and the more our information is transparent and exhaustive, the less room there will be for the flowering of criminal organizations who gain their profits from the market of illegal immigrants.

6. In lieu of a conclusion

The refugee and migrant question is today very complex; much more complex than it was in the past. A sense of frustration seems to pervade all those who dedicate their energies and efforts to it. This is certainly understandable, but cannot be justified. What is required is to avoid the double risk of remaining, on the one hand, above reality through adopting utopian perspectives, and on the other, beneath reality through resignation. In other words, one cannot oscillate between the disenchanted optimism of those who believe the migratory question may be entrusted to the anonymous and impersonal mechanism of the market, and, on the opposite front, the political cynicism of those who believe, *à la* Kafka, that ‘there is a point of arrival, but no way leading to it’.

Indeed, there is a viable way, which is within our reach. But two conditions must be met. First, we must free ourselves of the rhetoric of catastrophe at all costs: we are constantly surrounded by scholars (and mass media) that want to convince us that nothing can be done, that globalization is an inevitable mechanism. This is absolutely untrue: there are no socioeconomic problems (as opposed to natural problems) that cannot be solved by people of 'good will'. The second condition is to operate culturally to avoid a specific 'crime' from being committed. Let me explain. As ever, for better and for worst, science is a guide for action. In the case of economics, it is acknowledged that modern economic science has played its part of responsibility in those actions and measures which legitimized colonialism, exploitative practices, and the creation of new forms of poverty. As paradoxical as it may seem, this has came about whilst economics has established itself as a science free from value judgements; i.e. as a science which, in order to assume the epistemological status of natural sciences, had to declare that the world of life lays outside its domain of knowledge. Well, we have to prevent another crime from being committed today: that economic science destroys the hope – above all in young generations – that change is possible, i.e. that it is possible to envisage an economic organization for our societies where to give without loosing and take without taking away is compatible with reason.