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# GLOBALIZATION, MARKET FORCES, AND DEMOCRATIC VALUES: CHALLENGES AND DILEMMAS

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## INTRODUCTION

The liberalization of market, trade, and finance since the 1990s has led to a process and ideology called “globalization.” As an ideology of global transformation, the globalization creed and its cultural mystique have now reached every corner of the world, seen by many as a kind of security that provides the promise of “outfacing death and oblivion.”<sup>(1)</sup> Today, the global

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financial marketplace contains both enormous power and uncertainty. The latter is riddled with unintended consequences. Markets, some experts have asserted, will be the dominant force of the early twenty-first century, even more potent than military or political power. After June 1997, the fear that the Asian market collapse would suddenly go global became a real possibility and the need for an early-warning system for deteriorating national finances has become an imperative. The current economic downturn beginning in 2008 is even more pronounced, adding a new twist to the mix.

While some observers frame the issue of globalization in terms of an alternative world order in which territorial boundaries need to be reconfigured based on new economic imperatives and dicta, others vehemently resist succumbing to the market dogma. The proponents of this alternative world order rely on a set of assumptions, the most salient of which are: (1) political domains will shrink while economic arenas will expand; (2) economic values will dominate political domains; and (3) accommodation of—not resistance to—globalization will be the order of the day.

However accurate these assumptions might be, there are two fundamental problems with the popular view of globalization. First, globalization entails two contradictory contingents and/or trends: economic neoliberalism and political democratization. Neoliberal globalization advocates the spread of neoliberal economic liberalization policies and objectives, including privatization and implementation of a free-market economy. Globalization of democracy promotes primarily procedural if not substantive measures of democratization such as elections. Both of these trends appear to threaten the social cohesion and stability of some societies. Moreover, such trends may very well intensify nationalistic sentiments. Failure to strike a balance between nationalism and global integration could mean the isolation or disintegration of certain nation-states.

Regardless of which trend prevails and in what sequence, globalization will present challenges as well as opportunities. Furthermore, the costs and

benefits of globalization are not equally distributed among and within nation-states, as the most vulnerable are likely to suffer unjustly. Some unconscionable human costs will accrue to those most vulnerable and least able to adjust to such changes. As a result, some experts have warned that the world is headed into a period of de-globalization, facing increased international tensions, conflicts, and nationalist fervor. The competition between great powers—specifically the United States and China—will dominate the political scene in the twenty-first century, and governments will aggressively intervene in their national economies as state power grows.<sup>(2)</sup> Many have appealed to a rights-based approach to poverty reduction in the context of global justice, suggesting that the best way to tackle poverty is by defining it in terms of human rights entitlements. This approach implies the notion of social and institutional responsibility as well as fair trade regulations.<sup>(3)</sup>

Below, we address the ethical dilemmas of globalization and liberalization by first examining the extent to which globalization jeopardizes the social ethics of protecting the most underprivileged, and then by focusing on the varied consequences of globalization. This paper's significance lies in its ability to demonstrate the perils of subjugating public policy to the market economy and market integration. Before exploring the ethical dilemmas, it is essential to see if globalization has altered the terms of the debate over state sovereignty and its role in protecting and promoting ethical projects such as human rights. We will conclude by suggesting possible structural solutions to the mal-distribution of benefits and costs of globalization. Generally, we will propose mechanisms for assuring that a variety of perspectives influence international economic policy-making.

### **THE TENACITY OF STATE SOVEREIGNTY**

Globalization is generally thought to signify a “paradigm shift” in business thinking in which states and governments are subsidiary to wider market forces, rules, and limits.<sup>(4)</sup> A concomitant counterpart shift is taking place in

development thinking—from development-as-economic growth to equitable, sustainable, and participatory development; from trickle-down to trickle-up economics. Neo-institutionalists regard globalization as a creation of both international relations and the behavior of states, arguing that globalization may well be a discontinuous and reversible process. There is no doubt, they argue, that the growth of supraterritorial space has posed new challenges to the role of the state in economic policy, rendering the conventional distinction between “internal” and “external” policy arenas increasingly irrelevant.

The demise of the state, however, is greatly exaggerated and the post-Cold War order remains built on a foundation of sovereign states. In fact, as Ian Clark notes, globalization is not an entirely autonomous force. Historically it has been shaped, fostered, and even stymied by wider currents of international relations. “States still enjoy structural powers from their economic activities,” Clark writes, “and, in turn if less visibly, continue to provide the framework within which the globalized economy functions: to that extent, globalization has a persisting need for viable states and its own stake in their survival.”<sup>(5)</sup> Likewise, other observers have also noted that not only does the state remain the key actor, alongside others, but also it constitutes the most appropriate, accessible, and powerful arena within which to generate suitable regulatory responses. States have to be at the center of any serious effort to impose human rights responsibilities on corporations by way of internal regulation. States remain with us and, what is more, we still appear very much to need them, as much as they need us.<sup>(6)</sup>

Globalization thus conceived is a political process whose direction is shaped by states, particularly the most powerful states and for their own ends. The evidence from contemporary history supports such a contention: more trade between nations has meant greater state size and public services. In the words of Dani Rodrik, “social welfare has been the flipside of the open economy.”<sup>(7)</sup> The economic logic of globalization, Peter Evans writes, does not dictate the eclipse of the state. Rather, robust and capable states

foster the interests of their transnational corporations (TNCs).<sup>(8)</sup> Arguing that the nation-state has shown amazing resilience, Peter F. Drucker points out that while basic economic decisions are made in and by the global economy rather than the nation-state, losing its fiscal and monetary sovereignty has not made the state any weaker. Whenever in the last 200 years political passion and nation-state politics have collided with economic rationality, the former has won.<sup>(9)</sup>

The nation-state will persist, albeit in a greatly changed form, despite the loss of control in domestic and foreign economic policies. Some countries, such as China, will confront a new reality of maintaining the right balance between nationalism and globalization. The paradox of the rise of Chinese nationalism in a global era has been explained by some scholars as the necessary antidote for preserving Chinese identity while prospering in an age of globalization. International economic integration is inherently unsettling, creating a tension that tears away at social stability. The tension, as Dani Rodrik notes, assumes the form of a modern dilemma: “Globalization increases the demand for social insurance while simultaneously constraining the ability of governments to respond effectively to that demand. Consequently, as globalization deepens, the social consensus required to keep [the] domestic market open to international trade erodes.”<sup>(10)</sup>

## ETHICAL CHALLENGES

The debate over globalization has raised several substantive questions: Can globalization be managed in a way that preserves social protection? What is the role of the state in globalization? Can the demands of distributive justice be realized through a harnessing of market mechanisms? And will globalization of democracy, as defined in terms of elections, promote economic, civil, and religious liberties? The answers to these questions will provide a starting point for further critical investigation of the topic. For globalization to be sustained, trade openness must be balanced with market

governance.

Since the international economy remains sufficiently concentrated in the key national states like the United States, Japan, and Germany, such governance is possible. But the fact remains that contemporary globalizing capital has coincided with growing inequality and declining substantive democracy and that it is not clear whether more democratic global governance and greater global distributive justice would go hand in hand toward a more equitable future. Globalization and its accompanying vessel, economic liberalization, have raised wide-ranging ethical and moral quandaries in need of examining. It is to these predicaments that we next turn.

The high profile of civil and political rights has for some time diminished the importance of social, economic, and cultural rights. This accounts for the dearth of systematic research on social and economic rights in the developing countries. Third World governments' central mission continues to revolve around distributive justice and the economic protection of the disadvantaged. The poor typically turn to religion for salvation from their griefs and misfortunes.

The Universal Declaration of Human Rights includes economic rights in several articles (particularly in Articles 25-1 and 28). Likewise the conventions adopted by the International Labor Conference define basic labor rights. It is a sad but undeniable fact that these rights are not realized for the vast majority of Third World peoples living in abject poverty. The absence of economic rights for many people in the world has meant the absence of the power to make choices and enjoy their freedoms. This is not to imply that economic rights are the sole foundation of liberty. In the oil-rich, also known as rentier states of the Middle East, the freedom of expression essential to liberal politics is substantially compromised by citizens who are financially dependent on the state and who refuse to challenge the state and thus risk their socioeconomic entitlements.

For example, the balance sheet of human development in Arab states,

according to UN reports, indicates both progress and deprivation. The column on deprivation is disconcerting. Only half of the people in rural areas have access to safe water, and only a third have access to basic sanitation. About sixty million of the region's 240 million people are illiterate. Nine million eligible children are not in primary school, and fifteen million are not in secondary school. Approximately seventy-three million still live below the poverty line and the number of underfed people exceeds ten million.<sup>(11)</sup>

The processes of globalization have thus generated the two contradictory trends of neoliberalism and democratization. Economic liberalization, which follows a neoliberal trajectory, has in many respects undermined the fulfillment of social and economic rights. The globalization of democracy (albeit procedural, not necessarily substantive) has, on the other hand, fostered universal normative standards. Neoliberalism of the new global economy threatens the domestic compact between state and society on which the political viability of the postwar international economic order has been predicated. Devising compatible forms of international liberalization and domestic social stability and economic security has become one of the toughest challenges of all.

### **NEOLIBERAL TRENDS AND THE STATE**

Economic globalization severely undermines the perennial principles of the postwar period: self-determination and equality. Globalization threatens the well being of the powerless classes throughout the world by corporate executives, leading to the erosion of the political process and the reinforcement of the politics of exclusion of millions of people. The free market is likely to result in the concentration of power and resources in the hands of corporate executives, leading to the growth of economic and political inequality.<sup>(12)</sup> Globalization has evolved in the context of the inequalities among states in terms of power and wealth and, in turn, has exacerbated those inequalities. Inequality owes much to the power to set rules. Globalization offers powerful states a realm of choice, enabling them

to shape the agenda, to define the rules and norms, and to enforce outcomes that are favorable to themselves.<sup>(13)</sup> Thus, powerful states choose whether to favor cooperation in multilateral institutions or to use bilateral negotiations.<sup>(14)</sup> Existing inequalities result in a sharp division between “core” states, which share in the values and benefits of a global economy and polity, and “marginalized” states, which are excluded from such benefits.<sup>(15)</sup>

Furthermore, economic globalization and free markets pose serious moral dilemmas. One such dilemma relates to the question of labor standards. It is unclear what labor standards are “good” or “decent.” Diversity of labor practices and standards is widespread, reflecting diversity of cultural values, economic conditions, beliefs, and explanations concerning the economic and moral consequences of specific labor standards.<sup>(16)</sup> Whether child labor should be altogether prohibited in a poor country has been debated by many. Some argue that children’s work is inevitable in the face of massive poverty and that the alternative is starvation, which is, after all, a greater disaster and hardship. They maintain that except for rare cases such as slavery and labor in bondage or in the *gulag*, the claim for the universality of labor standards is utterly ineffective. Yet the world community has set a number of basic labor standards through the International Labor Organization (ILO). Even more than the specific conventions, the basic principles of the ILO, as summarized in the Declaration of Philadelphia in 1944, may serve as vitally important constraints on the exploitation arising from the global economy. The most important of these principles, according to international labor law experts, is the assertion that “labor is not a commodity.” This principle, which makes labor not a product to be priced or regulated by market forces, gets to the heart of the problems with the global economy.<sup>(17)</sup>

Although market economies are economically efficient and lead to a higher total quantity of goods and services, they are not designed to respond to basic human needs by distributing wealth to the poor. By causing gross

inequalities in income, wealth, and living conditions, unregulated market economies compound states' current problems of distribution. The welfare state, as Jack Donnelly notes, is a device to assure that *all* individuals are guaranteed minimum economic and social goods, services, and opportunities regardless of the market value of their labor.<sup>(18)</sup>

The values associated with neoliberal globalization, such as flexibility, efficiency, productivity, competitiveness, profitability, and individualism, threaten civil society by widening inequality.<sup>(19)</sup> For many Asians, globalization has meant economic growth with social cohesion but without political freedoms. Economic progress, according to the Asian model, can be blended with social stability and conservative values.<sup>(20)</sup>

Reactions to the Asian model of growth are mixed. Some experts observe that Asian successes in producing high economic growth rates compel us to re-examine the idea that effective participation in a globalized economy is best achieved by restricting state involvement in economic affairs. Singapore, Hong Kong, and South Korea are prime examples. Others argue that Asia-style capitalism, based on authoritarian rule and crony connections, fosters economic crisis. They point to the rule by capitalist plutocrats—that is, unaccountable business cronies—which is fast approaching a dead-end in Asia as the ongoing economic crisis there demonstrates.<sup>(21)</sup> Free markets, they note, have their parallels in the political realm and thrive within a context that allows free flow of information.<sup>(22)</sup> In short, the Asian economic crisis is first and foremost a governance quandary.

Economists maintain that the increased mobility of international investment capital and multinational corporations has imposed “real” and increasingly severe constraints on workers, communities, and states.<sup>(23)</sup> An empirical view of globalization based solely on instrumental rationality takes little account of social justice and moral issues. It reduces the state's social protection of the poor, compromising in the process its democratic functions. As Richard Falk notes, the humane or compassionate state is being phased out, resulting in a loss of democratic control over the course of history.<sup>(24)</sup>

As early as 1818, when Robert Owen called upon the Congress of Aix la Chapelle to impose labor standards to prevent the trend toward laissez-faire policies and the dangerous exploitation of workers in the name of unregulated globalization, the protection of labor against the unfettered market economy has been seriously contemplated.<sup>(25)</sup> One hundred years after Owen, the Versailles Conference established the ILO as “insurance against bolshevikism,” again seeing the threat of freer markets to labor rights.<sup>(26)</sup> Still the pressure continues from globalization to weaken state capacity to provide public goods and to effectively protect the social and economic rights of its citizenry.

As a result of global structural constraints and market priorities, leaders of states must wrestle again with the renewed polarization of society between the rich and the poor, cultural fragmentation, and a whole host of other negative consequences of the quest for efficiency and exports. As the Versailles negotiators saw a danger of revolution, current globalization reinforces the politics of identity and nationalism. “The faster the world integrates,” Arthur Schlesinger writes, “the more people will huddle in their religious or ethnic or tribal enclaves. Integration and disintegration feed on each other.”<sup>(27)</sup>

Third World countries are likely to revert to nationalist and statist responses to neoliberal globalization. Thus far, this has resulted in the reinforcement of the right to development. The rise of hardline Islamists in the Middle East and North Africa, like the rebellion of the Zapatistas in Mexico, owes much to the failure of secular states to protect their citizens from inequalities and poverty. The secular regimes have failed to fulfill the basic needs of the victims of suffering and deprivation. Of course not all nationalistic sentiments are caused by globalization alone.

To fill the void left by the liberal state, Islamic organizations have provided a variety of social services at the grassroots level, including schools, clinics, Islamic banks, and insurance companies. For many Muslims, resistance to neoliberal globalization has much to do with its

unconscionable human costs. Stressing the role of piety in Islam, Mustapha Kamal Pasha and Ahmed I. Samatar argue that the crucial dimension of Islam is not economic but social. The Islamists offer, they say, cultural support and continuity to those who have been thoroughly marginalized by West-inspired economic liberalization, whose defining feature is not the strengthening of liberal values but consumerism.<sup>(28)</sup>

Likewise in Latin America and Europe, religious institutions have led support for basic labor and human rights, threatened by liberal economic regimes. This builds on work that has been going on for a long time. Beginning with the rise of modern global capitalism, an ecumenical coalition of Christian leaders emerged to protect labor standards. For example, Christopher Hahn, a German evangelical minister and Edouard Ducpetiaux, a Belgian Catholic organized the first Congress of Benevolence in 1857 to call for “the necessity of an international law of industries.” By the end of the nineteenth century, the pope supported such standards in his letter to all Catholics, *Rerum Novarum*. In the twentieth century, the church role in support of labor rights has come in major international religious forums such as the statements of two Conferences of Latin American Bishops at Medellin, Colombia, in 1968, and Puebla, Mexico, in 1979.<sup>(29)</sup> On the binational level, there has been the overwhelming church presence in groups such as the Coalition for Justice in the Maquiladoras and in labor rights lobbying organizations.<sup>(30)</sup>

## DEMOCRACY AND ELECTIONS

The globalization of democracy has nudged along a universal movement toward political liberalization and human rights. In this sense, globalization is bound up with the promotion of political rights and civil liberties. Pressures are mounting for political reforms in many nations. This type of globalization, however, has romanticized elections and prompted the rise of illiberal democracies, with ominous implications for economic, civil, and religious liberties. The fact remains that democracy—as defined solely in

terms of elections—fails to bring about constitutional liberalism. This is evident in many countries, including Argentina, Kazakstan, Belarus, Romania, Slovakia, Bangladesh, Russia, Peru, and Pakistan. Regular elections in these countries, Fareed Zakaria notes, have failed to enhance the rule of law, human autonomy, and dignity. While democracy is flourishing all over the world, constitutional liberalism, which is a combination of free/fair elections, the rule of law, a separation of powers, and the protection of basic liberties, is not.<sup>(31)</sup>

Historically, elections without broad consensus and tolerance have led to colossal difficulties. In the developing world, democratization, defined solely in terms of the “procedural minimum” (i.e. elections), falls well short of becoming coterminous with a greater recognition of human rights, especially economic and social rights. Many East Asians, experts remind us, aspire to live in a democracy but do not endorse it as the preferred form of government under all circumstances.<sup>(32)</sup> In fact, many East Asians believe that their country is not ready for democratic transition. Across the region, democracy has lost favor to economic development by a considerable margin. Few people in East Asia have given democracy unqualified support. In five new democracies (Mongolia, the Philippines, South Korea, Taiwan, and Thailand), most people would trade democracy for economic development. None of these democracies of East Asia are fully consolidated at the level of public attitudes and values. Yet in these countries, the average level of preference for democracy is not significantly lower than in Africa, post-Communist Europe, or Latin America.<sup>(33)</sup>

Similarly, some observers assert that the increasing practice of competitive elections in Africa, for example, alone will not rectify the widespread violation of human rights. An abrupt democratization in a country that has had little in the way of historical preparation may enhance unrealistic popular expectations at a time when government capabilities are declining. Moreover, ethnic and religious animosities can be inflamed in the process of electoral mobilization in such countries. To make a simple

equation between swift democratization and greater realization and protection of human rights is to make a fundamental error.<sup>(34)</sup> In short, those countries that lack a middle class, modernized civil institutions, and an established bourgeoisie are not a viable candidate for democracy.

Robert D. Kaplan reminds us that Westerners' faith in democracy regardless of local conditions amounts to cultural hubris.<sup>(35)</sup> Democracy emerges successfully, Kaplan contends, only as a capstone to other social and economic achievements.<sup>(36)</sup> Elections in themselves are not enough. Kaplan questions the practical significance of elections, arguing that in the globalization era, where corporate powers largely shape public policy, "the category of politics we live with may depend more on power relationships and the demeanor of our society than on whether we continue to hold elections."<sup>(37)</sup> The impact of globalization on the advancement of democracy is problematic: "Already, barely literate Mexicans on the U.S. border, working in dangerous, Dickensian conditions to produce our VCRs, jeans, and toasters, earn less than 50 cents an hour, with no rights or benefits. Is that Western democracy or ancient Greek-style oligarchy?"<sup>(38)</sup>

Given the evidence, what should be the policy goal of the United States in the wake of globalization and liberalization: the protection of basic human rights or the promotion of swift democratization? J. Bryan Hehir writes that, in much of the world, protecting human rights is a more precise, manageable, and direct objective than over-the-horizon institutionalization of democracy and its ideal structures.<sup>(39)</sup>

Donald Rothchild and John Ravenhill, in a critical assessment of U.S. policy toward Africa in the 1990s, argue that while encouraging market-oriented economic reform as a just step might seem simultaneously compatible with promoting human rights and democratization on the continent, the structural adjustment criteria handed down from the leading international financial institutions require making painful decisions, such as bringing about a reduction in budget deficits and expenditures on social programs and terminating government subsidies. These measures add to a

popular discontent already provoked by a long period of economic decline.

Democratization thus is certain to complicate governments' tasks as they face burgeoning demands for protection from the costs of adjustment. Thus, Rothchild and Ravenhill conclude: "It may well be that full democratization will have to await the construction of a strong economic base, and it is to the latter that priority should be given."<sup>(40)</sup> But if the United States takes such an approach, they note, it should do so without sacrificing other basic socioeconomic rights throughout Africa.<sup>(41)</sup> The United States should realize that neither simple economic growth nor simply elections bring viable democracies.

David Cingranelli has persuasively shown, albeit in a different context, that by emphasizing so emphatically the presence or absence of formal democratic institutions (for example, national elections) in places like El Salvador, Nicaragua, and Haiti, U.S. foreign policy has in the 1980s "appeared to be unconcerned about other kinds of human rights abuses by 'democratic' regimes." Many have contended, appropriately, that the United States used elections in Central America as an anti-human rights device--promoting elections in El Salvador so that Congress would relinquish its pressures on the executive branch regarding summary executions, torture, and other egregious human rights abuses in that country.

Additionally, elections by themselves are not a reliable indicator of improvements in the standard of living and have in numerous cases failed properly to address the living conditions of large segments of the populace (witness El Salvador since 1984).<sup>(42)</sup>

In countries such as Angola, Ethiopia, and Ghana, democracy has not advanced beyond the holding of elections to validate the legitimacy of a dominant party already controlling the main government institutions.<sup>(43)</sup> In the absence of leaders' genuine commitment to the expansion of civil society and political reforms, elections in Pakistan have failed to curb the corruption, the ethnic strife, and the economic difficulties in which the country is embroiled. Similarly, since 1992, elections have *not* contributed to a solution

of the political crisis in Algeria. Political and personal freedoms have in fact deteriorated in several of the longest-surviving democracies of developing countries, including India, Sri Lanka, Colombia, and Venezuela.<sup>(44)</sup> This is also true of Zimbabwe. Although its standing as a “democracy” is easily debatable, both human rights and democracy have vanished.

### **MARKETS: FROM PROFITS TO SOCIAL RESPONSIBILITY**

The relationship between democracy and market economics is complicated, and the enhancement of both must be nurtured with care. Since the transition toward a market economy, for example, the question for East-Central Europe has been: Is it possible to democratize in conditions of economic turmoil? What makes this question inescapable is that while democracy signifies equality, the market economy in Eastern Europe is bringing greater inequality.<sup>(45)</sup> In fact, all over the world, the growth of the market economy appears more dynamic than that of democracy. Jacques Attali warns about the negative consequences of such trends: “The frantic search for money to fund elections, the spread of corruption and the scale of the criminal economy are all signs of the ascendancy of the market economy over democratic ethics.” Thus, market dictatorships are the norm in these areas, where market economics prevail over democracy and “corporate” economic rights take precedence over “individual” human rights.<sup>(46)</sup>

What makes markets poor vehicles for democratization is that economics of profits and corporate ethos reduce individuals from citizens to consumers. Market economies, Benjamin R. Barber writes, have flourished in many repressive states, from Chile to South Korea, from Panama to Singapore, but capitalism neither needs democracy nor requires the nation-state that has been democracy’s most promising host.<sup>(47)</sup> Markets offer no collective responsibility and, indeed, are bound to undermine the possibility of a global democratic future.

No challenge is more crucial to global management, Jeffrey E. Garten writes, “than finding a balance between the relentless pressure for short-term

profits and broader social responsibilities.”<sup>(48)</sup> British Petroleum (BP) has had a mixed record. BP, Garten adds, has successfully engaged in the community and social investment in Vietnam, where it has provided technology to control the damage from recurrent flooding. In Turkey, BP has recently financed the replanting of a forest around the Black Sea that had been decimated by fire. In Zambia, it has supplied 200 solar-powered refrigerators to help doctors store antimalaria vaccines. In South Africa, it has promoted the development of small business in urban areas such as Soweto. In Colombia, it has turned its own waste material into bricks for local homebuilding.<sup>(49)</sup> Companies, Garten concludes, cannot substitute for government: “Even if governments shrink, they will have to become more effective in addressing everything from financial regulation to health care.” The key to the corporations’ long-term interests, Garten insists, is social investment and the integration of social responsibility into companies’ policies on governance and compensation.<sup>(50)</sup>

The BP Gulf oil spill in April 2010 illustrated a series of problems associated with profit-driven corporations and motivations. Market forces, along with political pressures, corruption among BP’s leaders, conflicts of interest, and above all incompetence of BP officials pointed to a broader problem that was anything but an isolated incident. While the environmental disaster caused in the Gulf of Mexico generally is referred to as “the BP oil spill,” BP will not be the only company facing legal challenges, and it may not be the sole entity found responsible.<sup>(51)</sup>

That said, Gulf oil spill is likely to have grave consequences. It remains unclear how much oil was actually recovered, how much remains—and most importantly, for the fragile coastal ecosystems—where oil went after reaching the beach.<sup>(52)</sup>

It should be pointed out that globalization of democracy has surely promoted fundamental rights such as freedom from torture, from hunger, from discrimination and from extra-judicial killing. These rights cannot openly be overridden by economic, cultural, and political circumstances.

Beyond these fundamental rights, however, the progress toward universal human rights remains uncertain. Resistance to human rights progress, and even an assertive counterattack against it at the 1993 World Conference on Human Rights in Vienna, demonstrates that human rights laws and norms fall short of universal consensus.

Some scholars point to the lingering absence of a universal consensus on the norms embodied in the Universal Declaration of Human Rights (UDHR). Although no state voted against the UDHR in the General Assembly, Tony Evans asserts, this did not imply that full agreement on elemental questions had been achieved. Thus, Evans continues, although the Declaration assumes a key place in the debate on human rights, it does not represent the universal agreement on the norms of human rights that is often assumed.<sup>(53)</sup> There exist fundamental disagreements over the right to self-determination, the right to development, and other group rights, in both normative and practical law.

The question, as Geoffrey Best writes, is “how the leaven and ferment of human rights can be made acceptable in societies where elements of the program are unfamiliar and may be felt threatening...”<sup>(54)</sup> Statists are not the only ones threatened. As Best asks, for example, “Will a decent Indian peasant paterfamilia really bless the bundle of rights which will enable his family to watch soap operas made in California and sex films from Holland.”<sup>(55)</sup>

Moreover, the West’s inconsistent human rights policy brings into question not only the credibility of the advocates of universal implementation of human rights but the coherence of their policies. Differences in U.S. policy toward its allies (Turkey and Saudi Arabia) versus that toward its adversaries (Cuba and Iran) illustrate such an inconsistency. Are human rights less trampled on in Turkey or Saudi Arabia than in Iran or Cuba?<sup>(56)</sup> Further, universalist conceptions of human rights leave out the complexity of local disputes and politics. Human rights, as Richard Wilson argues, are not founded in the abstract and eternal moral categories of social

philosophy; rather, they are a function of concrete social struggles.<sup>(57)</sup> There is no doubt that state sovereignty has come under attack from all the quarters. Nevertheless, it is unclear that globalization as such will bring about the internationalization of human rights beyond some basic rights.

### ETHICAL CHOICES

When in the early 1990s several Third World countries failed to service their debt, the global financial agencies reconsidered their policies out of fear that commercial banks would go bankrupt. The priorities of international lending institutions shifted from equity and poverty reduction to debt service.<sup>(58)</sup> This created devaluation and export expansion, which led to ominous consequences for the poor. The austerity of the early stages of economic liberalization generated enormous suffering. Structural adjustment programs (SAPs) have routinely imposed unbearable and unjust burdens on the most powerless of the Third World's people: women, children, and the wretchedly poor.

In the absence of effective social protection for the powerless, SAPs have failed in most low-income countries. In those countries where new economic opportunities have materialized, it has been primarily the rich who have reaped the gains. Even among rural populations, who are widely regarded as the prime beneficiaries of SAPs, resources appear to have gone disproportionately to the more prosperous commercial farmers, leaving small farms at subsistence levels or with only small surpluses on the margins.<sup>(59)</sup> In most cases, African experts Kidane Mengisteab and B. Ikubolajeh Logan note, "spending cuts are concentrated on politically easy targets--health, education, and support for small farmers--while the interests of the powerful and the wealthy are protected by the state."<sup>(60)</sup> These cuts in public expenditures have crippled the manpower development necessary for long-term growth.

Because adjustment projects lack definitive social objectives, they are unlikely to lead to sustainable development. The International Monetary

Fund (IMF) and the World Bank introduced poverty-sensitive reforms in 1987. Their efforts, implemented through “social dimensions of adjustment” projects (SDAs), aimed for the social growth and economic empowerment of the poor, especially the peasantry, but failed to generate policies that could adequately engage them in the adjustment process.<sup>(61)</sup>

This has raised an important debate regarding the interplay between joint development of market economies and political democracies. Arguing that there exists no symmetry between the two, Ralf Dahrendorf points out that “Political democracy does not follow from the presence of an effective market economy, nor is such an economy the automatic result of democratic political conditions. Worse than that... modern economic development seems to favor authoritarian rather than democratic government.”<sup>(62)</sup> Dahrendorf proceeds to sum up his central argument: “when economic values begin to dominate politics, liberty is often at risk. The new economism of capitalists is no less illiberal than the old one of Marxism. It may not raise the specter of totalitarianism but its authoritarian potential is a source of concern.”<sup>(63)</sup>

Neoliberal economic solutions advocated by the World Bank and the IMF since the 1980s raise serious questions concerning social justice in the Third World. The markets and economic structures of many Third World countries permit no mass integration of the population into active economic and political life. It has become abundantly clear that the link between democracy and economic liberalization is not a direct one and that providing effective protection for the lower classes--that is, constructing social welfare systems--is an appropriate function of government.<sup>(64)</sup>

To create favorable conditions for foreign investments, many developing countries keep a tight control on labor and trade unions, keep wages down, refrain from enacting a desirable level of legislation on environmental, health, and safety issues, and quash all movements aimed at social reforms.<sup>(65)</sup> Such consequences account for the failure of economic-cum-political liberalization programs in many Third World countries.

Effective economic liberalization, though certainly a prolonged and

often excruciating process, is a necessary part of a sustainable drive toward democratic reform. When a state is not committed to a “fair” distribution of the gains of liberalization programs, effectiveness of the market-reform philosophy of SAPs is called into question. But the pervasive poverty, the fledgling state of markets, and the poor infrastructure in many African countries suggest that strong government intervention is required to meet basic social needs and to provide the basic foundations for a functioning market economy.<sup>(66)</sup> The incorporation of the interests of all classes into liberalization policies minimizes social conflicts and is likely to be the most significant determinant of a regime’s longer-term contribution to economic and political reform.

But the institutionalization of voices from all classes and groups, especially those free to hold the policy process accountable to standards of distributive justice, is a fundamental challenge in many states. The promotion of civil society, especially the nurturing of groups and institutions autonomous of both state and economic institutions, is imperative. It is essential that free labor unions, religious institutions, and free academics, as well as a competent and law-abiding civil service be developed and protected. It must be hoped that free religious and academic institutions, clearly severed from links to the state, may call economic and political leaders to justice and protection of rights. Entrusting policy implementation to a free, professional civil service can also increase chances that law rather than favoritism or bias will mark public policy.

The issue of conditionality is another subject that merits particular attention. Conditionality, for example, means a greater range of development priorities and policy conditions are determined by external actors—be they regional or international lending institutions or donors, such as international financial institutions (IFIs), in order to receive a loan or some form of economic assistance. These priorities and conditions are expected to be largely controlled within nations with a strong civil society. In the 1990s, the IMF and World Bank began to embrace a wider and deeper view of

conditionality aimed at promoting “good governance” among their a membership of 186 countries. From the perspective of the Global South, these policies and conditions, along with SAPs, were widely regarded as greater intrusion in the affairs of the nominally sovereign developing countries.<sup>(67)</sup>

### INTERNATIONAL GOVERNANCE

Consistent with increasing globalization, global management of the economy has, since the early 1980s, accelerated neoliberal reforms at the local level that have, in the name of market integration, also exacerbated inequality within societies and between societies. This raises important questions relating to the issues of distributive justice that are associated with increased globalization. Earlier misgivings notwithstanding, issues of economic and distributive justice may better be addressed by pursuing the incorporation of a greater level of democracy at the local and international levels—particularly with respect to the operation of institutions of international economic governance.

Government dedicated to and responsible to the interests of the people has provided the most effective long-term method for addressing distributive and human rights issues at the local level. In particular, social safety net programs and rights guaranteed by law have both addressed issues of inequality within the advanced industrialized societies of the West. In addition, democratic governance is most likely to allow representation or input from a wide range of interests within society. The challenge is to truly represent this broad range of interests both at the local and international levels.

Many have attempted to address the issue of international morality and governance through theoretical perspectives based on Kant's cosmopolitan principles. Charles Beitz applied Rawls' argument for distributive justice to the international system, implying a theoretic basis for the normative commitment to international redistribution.<sup>(68)</sup> Similarly, Robert Jackson

makes a distinction between an international community based on the principle of the nation state, versus an international community of mankind. While he sees the two possibilities as mutually exclusive, he also suggests that the structures of international governance may be evolving in the direction of institutional intervention on behalf of the individual, or individual rights and needs.<sup>(69)</sup>

Finally, David Held builds on Kant and others to make the case for a greater degree of democracy and the institution of democratic mechanisms in international governance in general, which he terms a cosmopolitan model of democracy.<sup>(70)</sup> In the short term a greater degree of liberal, procedural democracy in the current institutions of global governance may be an appropriate way to address the ill effects of economic globalization. Beitz, Held and other cosmopolitans notwithstanding, any realistic level of pure, substantive democracy on an international level—based on the idea of the community of mankind—is not likely to evolve soon. Nevertheless, it is possible that a greater degree of procedural democracy could be implemented, giving greater voice to a wider range of nation-state governments, and non-state actors or non-governmental organizations (NGOs), in the context of international institutions that currently give much more voice to the global elite.

Procedural democracy is so named because it is based first on institutionalized elections in which decision-makers are selected, and secondly on the institutionalization of the rule of law. Thus, it is consistent with the principles of political liberalism, which emphasizes the protection of individual rights, and the limiting of government. Liberal democratic institutions would also be more compatible with the prevailing neoliberal economic order based in minimal government intrusion on the operation of global markets. Instituting a greater degree of democratic procedure, based in a politically liberal philosophy, holds out the promise of giving greater voice to the underrepresented and those for whom economic globalization has meant an increase in inequality and a loss of voice.

A redistribution on a global level or the globalization of human rights, civil liberties, and voice has not yet accompanied the market globalization we have witnessed. In fact, some scholars insist that democracy promotion, as is currently upheld, has more to do with global economic interests than with fulfilling human rights of the poor and socially excluded in the developing world. “The image of democracy,” Tony Evans reminds us, “is used to legitimate forms of behavior supportive of particular economic interests associated with globalization.”<sup>(71)</sup> The creation of a global free market, Evans notes, backed by the creation of new global institutions such as the World Trade Organization (WTO), has come to be described by some as “new constitutionalism.” The conditions leading to new constitutionalism favor the interest of capital above the interests of human beings and their dignity and security. This is seen in the activities and policies of the international organizations such as the World Bank, the WTO, and regional economic unions, all of which are designed to advance and impose a market discipline that favors corporate and financial interests.<sup>(72)</sup>

An increasing democratization of the institutions of global governance—political or economic—could both give greater voice to the underrepresented, and enlist the disaffected in the modification and advancement of global order. Thus, democratization at the local and international level could address issues of disaffection by enlisting support for global governance, and could help address the uneven distributional aspects of the global economy in a way that could be both fair and tolerated by all actors in the international system.

Perhaps the best solution for international organizations expected to impose ethical policies is to follow the structural model of the ILO, where tripartite interests set policies. In the ILO case, tripartite means each member country sends four delegates, but only two of those are selected by the government. One each is selected independently by the major businesses and largest labor organization, and each of those vote independently representing their interests. Constitutionally, the most representative labor and business

organizations of each nation have one seat each at the ILO conference, and government has an equal number. While those proportions might be modified in other organizations, the concept assures a defined role for major interests and makes explicit the perspective from which representatives of each interest speak to issues.

Implicitly, tripartism also makes government representatives speak for the public interest rather than as mere surrogates for powerful private business interests. No structural arrangement can serve as a foolproof mechanism to assure that globalization will be guided by humanitarianism. Tripartism at the ILO, however, has produced remarkable defenses of human rights, in spite of government and international business indifferences. The best example is when American labor forced the ILO to refocus on labor rights in the late 1970s, resulting in the crucial defense of the Solidarity Movement in Poland.<sup>(73)</sup> At such times, tripartism has brought to the ILO decision making a populist perspective nearly unique in international organizations. While the ILO labor delegates have not always been humane or independent of government, at least some of them have been, and these people have assured that at least the working class perspective on globalization would be heard. Of course, the weakness in the ILO case has been the organization's failure to develop enforcement mechanisms for the standards.<sup>(74)</sup>

While Jeffrey Garten may be right to see in firms, such as BP, a model for making globalization acceptable without a "backlash," even he is not certain such behavior will be the norm.<sup>(75)</sup> Politically, those concerned with global justice would be safer to assume the self-interest of business will continue to be manifested in the naked pursuit of economic advantage and exploitation, not community social investment.

The solution to the search for humane globalization may lie rather in a mechanism such as tripartism, which assures a seat at the table for interests other than business and also continuously reminds government it is not simply a representative of the business interests. In today's tripartite

representation scheme of the International Labor Organization (ILO), the corrupting campaign finance component of the American pluralist system is conspicuously absent and the typical populist aspects enhanced.<sup>(76)</sup> Tripartism might even be improved if additional institutions—especially educational, environmental, and religious organizations—could be defined and assured some collective representation in the ILO. Whether or not tripartism is the solution, some means need to be found to offer a chance for the ethical questions raised by global liberalization to be considered.

## CONCLUSION

Economic globalization has been proven neither to have a means to define collective responsibility for its negative consequences, nor to take remedial action to deal with those consequences. Unchecked, it has undermined social and economic rights of the disinherited in many lands. Rather than simply enhancing human rights, globalization has at least complicated their protection. Despite claims that economic and political liberalization are two sides of the same movement, some have learned that the political stability, which is indispensable to the global market, can be achieved without democratization or political openness. Neither international business nor the governments it so often influences or intimidates can be counted upon to promote social and political structures that make globalization beneficial for the vast majority of the world's people. Even if business and government collaborate honestly to enhance economic development and even if many of the fruits of that development go to the whole country that does not make for a just global polity.

The lesson of the last several hundred years of political reform is that just and humane policy making depends on a process that assures all people the right to shape policy and guide change in accord with needs and traditions they value. The great political advance of modernization has been to understand that the voices of laborers, farmers, women, youth, seniors, and other groups should be heard and the values of traditional faiths and

legal systems should have an opportunity to guide change. The only voices and values guiding economic decisions and, even more so, social, cultural, or political policy should not be drawn from business and corporate elites controlling globalization or any other mere economic interest. As the founders of the ILO stated in 1919 and reaffirmed with the end of the World War II, economic policy making should not be given a privileged position relative to social, cultural, and political policy. As they said, “labor is not a commodity.”<sup>(77)</sup> It is an essential component of human dignity.

By the same token, the world’s environmental issues, as well as many of the cultural traditions of peoples and political and social institutions, are not merely tools or barriers to economic growth. They may be far more valuable than growth. International structures must value and assure a voice to diverse groups, traditions, and institutions. International structures need to give priority to environmental stewardship, the dignity of work, and the nurturing of families, not their mindless conversion to economic commodities to be regulated merely by laissez faire market forces and mechanisms. Environmental justice, Richard Hiskes argues, is a significant and necessary part of our political purpose, for without it, it is inconceivable to generate an adequate response to global warming and climate change. Today, Hiskes goes on to point out, environmental justice connects our nations and our species in a way that is acutely aware of the rightful claims the future makes on the occupiers of the present. In this regard, intergenerational environmental justice must become an integral aim of all nations.<sup>(78)</sup>

Finally, without the rule of law, business-led authoritarianism is bound to collapse. Globalization and liberty need not be at odds. It is essential to identify further causes of ethical problems and the efforts to place proper limits on the global market, to create institutions that will defend those limits, and to establish international policy processes that will administer the limits. The campaign against social marginalization is as crucial as the campaign for economic globalization. Some experts have posited that social welfare concerns and global justice issues—as a matter of human rights—

have increasingly found their ways into mainstream business consciousness of corporations and have become a natural component of business practice.<sup>(79)</sup> This conclusion might be slightly overstated given the example of BP and its mixed record. BP may have arguably been the exception as opposed to the rule.

In sum, globalization has generated democratic forces in some countries and invoked repressive policies in others. The challenges and dilemmas posed by globalization are many and loom large. If global institutions and local political agencies fail to curb negative aspects of globalization, the benefits of economic globalization will be lost to extreme groups and social networks. This outcome will prove to be catastrophic beyond measurement.



## NOTES:

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