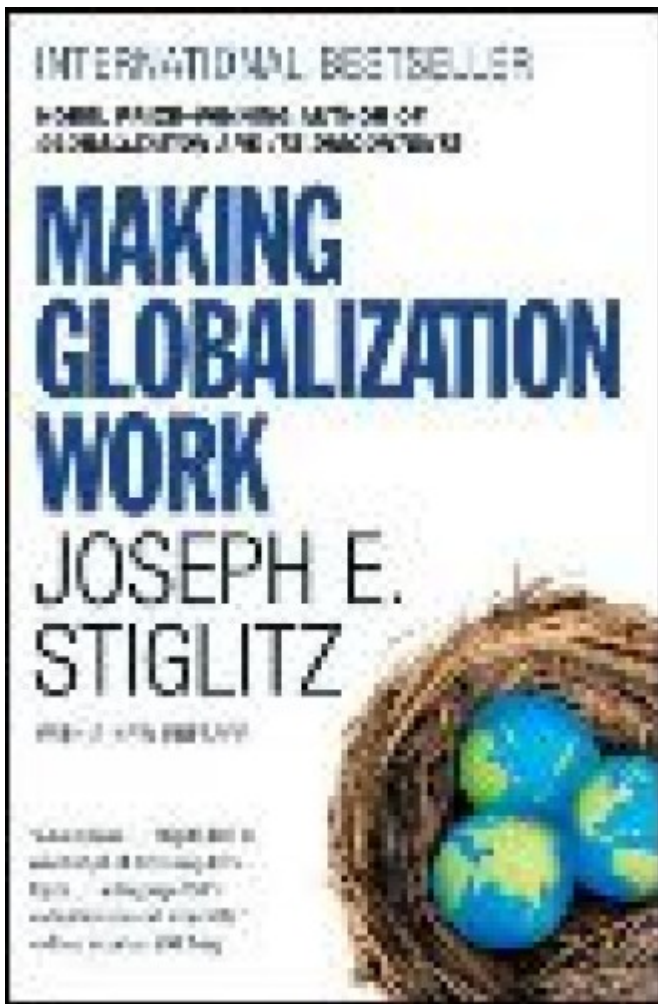


# For fairer trade

By [Max Stackhouse](#) in the [August 7, 2007](#) issue

## In Review



## Making Globalization Work

Joseph E. Stiglitz  
Norton

In 2002, Nobel Prize-winning economist Joseph Stiglitz published a controversial but influential book titled *Globalization and Its Discontents*. Stiglitz had just resigned his

position as chief economist at the World Bank, in part because of controversy over his criticism of his own institution and others. His objections to the direction of globalization lay mostly in ethical concern for the world's poor, and his book was a rallying point for economists, social scientists, activists and others who shared his uneasiness.

Stiglitz's latest book significantly revises the position of the earlier one. *Making Globalization Work* continues the critique of institutions that drive globalization, but it is mostly concerned with how to make them function better in order to promote democracy and foster equality. Stiglitz is essentially optimistic: reform can bring the positive dimensions of globalization to a greater number of people. Yet while Stiglitz raises essential issues about reforms within the World Bank, the International Monetary Fund and the World Trade Organization, he ignores social, cultural and particularly religious factors that have the capacity both to undermine and to accelerate the good that comes from reform.

Discussions about globalization often focus on a conflict between two overarching social forces: politics and economics. On the one side are governments and leaders of political movements whose interests lie in the distribution of goods and in addressing social problems. On the other side are corporations and leaders of industry whose concerns are productivity and monetary gain. Sociologists, social ethicists, cultural critics, historians and journalists tend to line up on one side or the other. While some hail the liberalization and deregulation that free the market from "interference" by politicians backed by special interests, others repudiate economic practices that increase the gap between rich and poor.

Missing almost entirely from this conversation is the matter of religion. The role of religious difference in social conflict, the function of religion itself as a social force and the religious foundation for ethical arguments are all underplayed in the debate over the benefits and detriments of globalization. And yet religion is a crucial force shaping both globalization itself and people's experience of it. When we ask about the power of either economics or politics to promote human development, constrain exploitation or advance equality and justice, we must consider religion as a missing element in both its cultural and its theological aspects.

In the West, followed by many other parts of the world, two combinations of economics and politics have emerged as perhaps less than dramatic alternatives: democratic capitalism and social democracy. In one, economic efficiency and

dynamism are emphasized; in the other, equality and social stability. While ideologues press the edges of each system and policy makers debate the internal priorities, both essentially work.

In *Globalization and Its Discontents*, Stiglitz emphasized the “democratic” part of either equation and chastised those who promoted capitalism to the detriment of democracy. But in his more recent book, Stiglitz makes a new and distinctive argument that the World Bank, the International Monetary Fund and the World Trade Organization can in fact be used to promote a form of globalization that holds social justice as a high priority.

Stiglitz turns to these multinational regulatory agencies or “regencies” and proposes ways in which these organizations could enhance social democratic policies to bring growth and opportunity to people trapped in poverty and left out of global development. He also argues that they could bring greater equality and stability to cultures ripped apart by those who neglect the many for the sake of the few. These proposals also criticize both democratic capitalist and social democratic countries that subsidize their own industries in ways that make it impossible for developing countries to find their way into world markets. His most persistent motif is his conviction that these international regencies can in fact become cooperative instruments for the democratization of capitalism and for the development of a wider social conscience in modern democracies.

On a long list of issues—including global warming, intellectual property rights, debt relief, trade policies, corporate governance and others—Stiglitz suggests strategies and policies that the multinational regencies could implement either on their own or through negotiation with countries and corporations. And yet he stands in the older traditions of analysis and prescription. Problems can be fixed by political policy and economic programs. Cultures and religions make little difference, if any.

Stiglitz knows that the present economic system is not driven by a singular logic. He acknowledges that we live in an open, unsettled world, subject to change, and he is aware that the system has sometimes prevented globalization from benefiting as many people as it should. He feels called to “the task of designing policies and programs that would do something about the abject poverty which plagued the less developed world.” And he cautions that such changes are not simply just and equitable, they are in fact necessary. We can make them now, he argues, or wait for the next “set of global disasters” to make them for us.

In these and many other statements, Stiglitz both affirms the promise of globalization and challenges the idea that it should be resisted. He does not argue that the new agencies need to be stopped or abolished, for if we did not have them we would have to reinvent them. Nor does he argue that the multinational and transnational corporations are out of control; he presumes that the realities of the market can and do constrain them in substantive measure, and that regulatory agencies could further limit any damage the corporations are doing and aid them in improving the human condition worldwide. The point is to foster reform, not uncritical embrace or blanket rejection. To this end, *Making Globalization Work* argues that better ways of organizing and restructuring the agencies are possible and that they can produce a more functional and beneficial form of democratic capitalism with a social conscience.

While all of this is certainly encouraging and I would like to share Stiglitz's optimism, several issues remain unresolved for me. The first is the foundation for Stiglitz's own moral passion. Throughout his work, we see an ethical vision in operation, but one for which he gives no account. He seems to base it on what Locke called "self-evident truths," but the issue of how to deal with globalization is hardly self-evident. That it is ethically right to prefer a democratic capitalist or a social democratic system is not self-evident to the tribal chief, the Islamic jihadist, the Buddhist military junta, the caste-conscious advocate of Hindutva, or the residual ideologists of national or proletarian socialism. Stiglitz projects his undeniably Western view onto a radically diverse world, without offering any moral or ethical justification for doing so.

In one chapter, Stiglitz argues that in countries that are resource rich (in oil, minerals or timber, for example), totalitarian or authoritarian regimes thrive. These regimes capture the resources, use them for their own benefit and encourage both bribery and corruption. This keeps the rest of the country in poverty and extends the power of the military, which in turn stimulates cycles of violence and tighter control. Stiglitz's examples include Azerbaijan, Saudi Arabia, Nigeria, Sierra Leone and Venezuela.

This argument fails on two levels. The first is that there are, of course, countries that are not resource rich but have developed highly authoritarian governments (such as Singapore, North Korea, Sudan and Haiti). And there are those with many resources that have developed democratic governments (Canada, New Zealand and more recently Brazil and South Africa). But perhaps more important, Stiglitz does not

address, or even appear to recognize, the religious and cultural values that legitimate such behavior. Beyond resources themselves, what forces shape how governments are formed and maintained? What beliefs, traditions and sacred histories determine how power is allocated?

In his concluding chapter Stiglitz argues that “(re)forming globalization is a matter of politics.” Here he uses the U.S. as the primary example, and takes up such issues as the export of manufacturing (to China), the outsourcing of services (to India), and the growing inequality between the highest- and lowest-paid sectors of the population. He argues for more democracy, both political and economic. “Over the past two centuries, democracies have learned how to temper the excesses of capitalism, to channel the power of the market, to ensure that there are more winners and fewer losers. The benefits of this process have been staggering.” While these reforms have begun to take place and Stiglitz sees them as powerfully important, he emphasizes the need for international organizations to join forces with those working for social justice “to ensure that the power of the global market economy leads to the improvement of the lives of most of the people of the world, not just the richest.”

This is an important argument, and I agree that more economic and political democracy is a good thing. But can politics and economics do this work alone? Has not religion also played a crucial role in teaching us about social justice, even as it has also had significant power to undermine persons, peoples, nations or civilizations that are seeking to establish democratic values? Stiglitz joins many others who see economic and political influences as the only decisive forces in human affairs, as if cultural and religious patterns and convictions make no substantive difference. What is at stake is a deficit in the understanding of power. Religion as it shapes conviction and culture is surely powerful in the formation of societies over time and decisive in both economics and politics.

Such a poor understanding of the role of religion is not found among economists and political scientists alone. Many theologians and social ethicists also accept these reductionist perspectives as definitive and then embrace or repudiate economic or political policies on biblical or theological grounds. The problem with this is the failure to ask whether religious, ethical or theological ideas have themselves shaped the political and economic patterns of the culture that is simultaneously shaping them. Often these discussions go on as if 2,000 years of Christian history, for example, made no difference in the emergence of the ideals and patterns of life that

foster economic and political democracy.

At the same time that inadequate accounts of the formative power of religion affect many people's understanding of globalization, some religious leaders and theologians seem to expect that the invocation of their biblical, theological or religiously shaped ethics can make a difference. Yet they present no evidence that it has ever done so in the development of the realities we confront, and they do not mention these ethical influences in their "empirical" descriptions of what brought economic and political democracy and its sustaining values into being. Religion is dismissed as an insignificant force, while religious pronouncements are imagined as having more social power than they actually do.

If we understand the values that have shaped the current economic and political situation as having roots in religious practices, ideas and texts, and if we want to advance these values in a globalizing future, then we also need to understand that the context includes cultures and religions that inhibit or resist these values. Many of the proposals that Stiglitz makes can be defended on theological and ethical grounds, but in many places they will have no effect without religious and cultural change. How such change can be justified and how it can occur will have to be decided in interreligious and cross-cultural discussions and debates, not by hegemonic imposition.

While Stiglitz and others have focused on the construction of international regulatory agencies, a deeper understanding of the religious dynamics at play in globalization leads us to see that a social infrastructure for religious and cultural interchange also has to be constructed. Is it possible that evangelical, Pentecostal and indigenous churches in Asia, Africa and Latin America with their phenomenal growth may be doing that better than anyone else? Some scholars of globalization and economics, such as David Landes, and scholars of globalization and politics, such as Samuel Huntington, have started the discussion on the role of religion in globalization. But they have not yet persuaded experts such as Stiglitz, or for that matter most journalists, ethicists, religious leaders and social scientists, to include in their analysis the cultural and religious factors that are decisive for the global future.