Development Ethics, Globalization, and Stiglitz

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Introduction

How should globalization be understood and assessed? Is globalization a permanent change in the world order or “over-hyped fad of 1990s,” to be replaced by forces – such as terrorism and U.S. unilateralism – that tear the world apart? Is globalization good or bad? Who should say and in what terms? This paper makes a case that globalization is an important structural change that should be ethically assessed as well as understood with respect to its causes and consequences. The paper has three parts. Part I discusses the nature and practice of development ethics and argue that it is one resource that can and should be applied to the ethical evaluation of globalization. In Part II, I discuss leading theories of globalization and three approaches to assessing and “humanizing” globalization. In Part III, I show more systematically what I illustrate throughout the paper, namely, that the recent work of Joseph Stiglitz contributes to development ethics and the ethical assessment of our globalizing world

International Development Ethics

Development ethicists assess the ends and means of local, national, regional, and global development. 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
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 lurking in development policies and practice.

Areas of Consensus

Although they differ on a number of matters, development ethicists exhibit a wide consensus about the commitments that inform their practice, 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? What are clear examples of “good” development and “bad” development? How well are various regions, societies, and locales doing in achieving “development?”

- Should we continue using the concept of development instead of, for example, “progress,” “economic growth,” “transformation,” “liberation,” or “postdevelopment alternatives to development”? How, if at all, does (good) development differ from “developmentalism?”

- If development is defined rather neutrally as good socio-economic change, what basic economic, political, and cultural goals, and strategies should a society or political community pursue, and what values or principles should inform their selection?

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

- How should the benefits and harms of development be conceived and distributed? Is the most fundamental category GDP (income), utility, social primary goods (Rawls), access
to resources, human capabilities and functionings (Sen), human flourishing or human rights? Is some composite measure of development success basic, such as economic growth or economic efficiency, or does social justice require maximizing the least well-off, getting all above a threshold, or reducing inequality?

- Who (or what institutions) bear responsibility for bringing about development – a nation’s government, civil society or the market? What role – if any – do or should more affluent states, international institutions, and nongovernmental associations, and poor countries themselves have in development?

- How should development duties be understood? As duties based solely on promises, general positive duties of charity (which permit donor discretion with respect to specific beneficiaries), specific general duties to aid (any needy rights-bearer), negative duties to dismantle unjust structures or halt injurious action, or duties to make reparation for past wrongs?

- What are the virtues and vices of various development agents? How good is honesty and how bad is deception?

- What are the most serious local, national and international impediments to and opportunities for good development? How should blame for development failures be apportioned among global, national, and local agents? What are the most relevant theories and forms of globalization and how should the promise and risks of globalization 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 respective roles
of theoretical reflection, public deliberation, and “learning by doing”?  

In addition to accepting the importance of these questions, most development ethicists share at least ten beliefs or commitments about their field and the general parameters for ethically based development. First, development ethicists typically agree that -- in spite of global progress with respect to outlawing or reducing slavery and achieving higher living standards – there are still grave deprivations for many in contrast to the elevated affluence of a few. Pogge’s cool expression of moral outrage is typical:

> How well are the weak and vulnerable faring today? Some 2,800 million or 46 percent of humankind live below the World Bank’s $2/day poverty line – precisely: in households whose income per person per day has less purchasing power in $2.15 had in the US in 1993. On average, the people living below this line fall 44.4 percent below it. Over 1,200 million of them live on less than half, below the World Bank’s better-known $1/day poverty line. People so incredibly poor are extremely vulnerable to even minor changes in natural and social conditions as well as to many forms of exploitation and abuse. Each year, some 18 million of them die prematurely from poverty-related causes. This is one-third of all human deaths – 50,000 every day, including 34,000 children under age five.

Such severe and extensive poverty persists while there is great and rising affluence elsewhere. The average income of the citizens of the affluent countries is about 50 times greater in purchasing power and about 200 times greater in terms of market exchange rates than that of the global poor.7

Second, development ethicists contend that development practices and theories have ethical and value dimensions and can benefit from explicit ethical analysis, criticism, and construction. Although important, ascertaining the facts and their likely causes and effects cannot take the place of morally assessing what has been, is, and should be.

Third, 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. Fourth, 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. Fifth, a consensus exists that development
institutions, projects, and aid givers should seek strategies in which both human well-being and a
healthy environment jointly exist and are mutually reinforcing.8

Sixth, 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,” “humane,” “just,”
or “ethically justified.”

A seventh 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, such as justice,
liberty, autonomy, solidarity, and democracy; (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.

Eighth, most development ethicists believe their enterprise should be international or global in the triple sense that the ethicists engaged in this activity come from many societies, including poor ones; that they are seeking to forge a cross-cultural consensus; and that this consensus emphasizes a commitment to alleviating worldwide deprivation.

Ninth, although many development ethicists contend that at least some development principles or procedures are relevant for any poor community or polity, most agree that development strategies must be contextually sensitive. What constitutes the best balance or principles and 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.

Tenth, 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 Amartya Sen and Jean Drèze call “unaimed opulence” 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. However, no consensus exists on whether or how development ethics should extend beyond its central concern of assessing the development ends and means of poor or traditional societies. Some argue that development ethicists should criticize human deprivation wherever it exists, including in rich countries and regions since they too have problems of poverty, powerlessness, and alienation and so properly fall within the scope of development ethics. Some argue that 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. Yet others restrict development ethics to poor countries by arguing that attention to Northern deprivation diverts development ethicists and agents from the world’s most serious destitution (in poor countries) and the ways in which rich countries benefit from the current global order.

My own view is that restricting development ethics to “developing” countries is defective in three 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.”11 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. Third, there is the increasing prevalence of applying “best practices” learned from development in the South to destitution in the North (as well as vice versa). For example, the United States Agency for International Development is applying – through its Lessons without Borders program – to destitute U.S. cities lessons learned from overseas development efforts. Development agents in different societies often face similar
problems -- such as unemployment, racism, violence, and powerlessness – and benefit from innovative ways of solving them.

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 such topics as international trade, capital flows, migration, environmental pacts, terrorism, military intervention, humanitarian 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 international ethics or even all social ethics, the result might be that insufficient attention would be paid to alleviating poverty and powerlessness in various communities. 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, security, 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 or powerlessness.

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 or Western) 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 A. Crocker -- 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 require sensitivity to societal differences.

One must also ask a further 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 and institutional guarantees with respect to 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 of self-determination, 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, as we have seen, utility (preference satisfaction); social primary goods (Rawls), such as political liberty,
income, wealth, and self-respect; negative liberty (Nozick and Bauer); basic human need (Streeten); autonomy or agency (O’Neill, Sen); valuable capabilities and functionings (Sen, Nussbaum, Little); and rights (Pogge, United Nations Development Programme). 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. Pogge broadens the libertarian notion of harm (and rights) and argues that rich elites and nations should refrain from harming the vulnerable. Capabilities ethicists defend governmental and civil responsibility to enable everyone to advance to a level of sufficiency (Sen, Crocker) or flourishing (Nussbaum, Little) 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 or even superior to the good of individual human beings – 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 “ecodevelopment” or “sustainable development” often fail to 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 environmental and other competing values. Stiglitz clearly recognizes that these and other value disagreements are sometimes implicit in factual or policy disagreements:

There are important disagreements about economic and social policy in our democracies. Some of these disagreements are about values – how concerned should we be about our environment (how much environmental degradation should we tolerate, if it allows us to have a higher GDP); how concerned should we be about the poor (how much sacrifice in our total income should we be willing to make, if it allows some of the poor to move out of poverty, or to be slightly better off); or how concerned should we be about democracy (are we willing to compromise on basic rights, such as the rights to association, if we believe that as a result, the economy will grow faster).14

An increasingly important disagreement concerns not values directly but the roles of various experts (judges, political leaders, development agents, philosophers), on the one hand, and popular agency, on the other, in resolving moral conflicts. On the one hand, popular participation and democracy are suspect insofar as majorities (or minorities) may dominate others and insofar as people’s beliefs and preferences are deformed by tradition, adapted to cope with deprivation, and subject to demagogic manipulation. Moreover, experts often excel at “know how” if not “know why.” On the other hand, rule by experts or guardians can lead to new tyrannies, and many experts themselves affirm Sen’s “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.\(^5\)

Finally, controversy also exists with respect to which agents and structures are largely if not exclusively to blame for the present state of global destitution and unequal opportunity. Charles Beitz states the empirical aspects of the issue well: “There is a large, complex, and unresolved empirical question about the relative contributions of local and global factors to the wealth and poverty of societies.”\(^6\) Some development ethicists, such as Pogge, tend to assert that the global order is both dominated by affluent countries and unjustly tilted against poor countries.\(^7\) This global order and the process of globalization amounts, claims Pogge, to a “strong headwind” against which any poor community must struggle and which is largely responsible for development failures: “national policies and institutions are indeed often quite bad; but the fact that they are can be traced to global policies and institutions.”\(^8\) Other development ethicists and policymakers tend to ascribe development failure much less to global and foreign sources and much more to national and local causes – such as elite capture of power, widespread corruption, and the lack of democratic values.

How might we modify Pogge's “headwind” metaphor in a way that captures a more balanced\(^9\) and flexible view about the relative and changing weight of external (global structure, rich country role) and internal (developing country role) factors in causing global poverty? Sailors know that the headwind against which they sail is an important but constantly changing and sometimes ambiguous factor and that getting to their destination requires skill and good judgment as well. The headwind is not always steady. Sometimes it gusts and sometimes it lulls (depending on the wind and whether their boat goes behind an island and is temporarily
protected from the wind). Likewise, the impact of the global order (and rich country impact) increases and decreases from time to time and place to place.

Moreover, sometimes there are crosswinds, some of which aid the helmsman and some of which impede his progress, and a good sailor must take advantage of the former and adjust to the latter. Likewise, the global order opens up opportunities for poverty reduction and democratization as well as impedes them, and wise leaders/peoples discern the difference. Furthermore, the good sailor tacks back and forth in the face of the wind, taking advantage of it for forward progress and not bucking it directly. Likewise, a developing country can find ways to take advantage of normally adverse global factors. For instance, a cutback on U.S. aid in Costa Rica enabled Costa Rica to be less dependent on the US. Additionally, sometimes a head wind changes and becomes a tail wind. Then the global forces and rich country impacts coincide with and supplement internal development efforts. Finally, just as some boats are better than others with respect to resourcefulness, navigability, and stability, so some countries, owing to such things as natural endowments, governance, and human and social "capital," develop further and faster than others.

The moral of this nautical story is clear: Just as the national development efforts vary and from time to time and place to place, so do the impacts of the global order and the rich countries that dominate this order. While the wind is always a factor in sailing (sometimes more, sometimes less, sometimes good, sometimes bad, often both), so is the skill of the captain and crew (and their ability to work together). Empirical investigation is important to determine which way and how hard the wind is blowing and how best to use national skills and resources to reach a society’s destination. Pogge recognizes the variability of internal factors; in his less careful formulations, he fails to recognize the variability and complexity of external factors, the
changing balance between external and internal factors, and the always important and sometimes crucial role of internal factors.

This debate over the chief causes of development failure segues to sharp disagreements over the moral appraisal of globalization and the identification of “agents of justice.” Does globalization doom or guarantee good national and local development? Does globalization offer blessings and opportunities as well as miseries and risks? Is it up to developing national and local communities to seize the good and avoid the bad of a globalizing world? Or should the main “agents of justice” be the rich nations, transnational corporations, and global institutions? I shall follow Stiglitz and argue that “today, the challenge is to get the balance right . . . between collective action at the local, national, and global levels.”

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 since the late 90’s, 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? What explains globalization and how unique is it in relation to earlier forms of integration? 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 of 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, if at all, 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 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.\(^{22}\)

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.23

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 artifacts, people, symbols, and information; (ii) causation: moncausal 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 on offer. Following Held et al, I label these approaches (i) hyperglobalism, (ii) skepticism, and (iii) transformationalism24.

(i) Hyperglobalism, illustrated by trade economist Jadish Bhagwati25 and journalist Thomas L. Friedman26, conceives of globalization as a qualitatively unique global age of economic (capitalist) integration characterized by 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 hyperglobalism concedes that there are short-term losers as well as winners, it insists that the rising global tide will eventually lift all national and individual
boats -- except for those who resist the all-but-inevitable progress. Commenting on Bhagwati, Richard N. Cooper exactly captures the normative dimension of hypeglobalism:

His [Bhagwati’s] main thesis is that economic globalization is an unambiguously good thing, with a few downsides that thought and effort can mitigate. His secondary thesis is that globalization does not need to be given a ‘human face’; it already has one. . . . His conclusion: that the world, particularly its poorest regions, needs more globalization, not less.27

At least when development is identified with economic growth, “global integration,” as Dani Rodrik observes, “has become, for all practical purposes, a substitute for a development strategy.”28 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.29

(ii) Skepticism rejects hyperglobalism’s view that global economic integration is (or should be) taking place and that states are (or should be) 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 American consumerism, and national governments are (or should be) getting stronger. These skeptics of hyperglobalism include Stephen Krasner30, Paul Hirst and Grahame Thompson31 and Samuel Huntington.32 In a more explicitly normative version of skepticism, Herman Daly concedes that hyperglobalist trends exist but argues that states should be “brought back in,” should resist economic openness, and should emphasize national and local wellbeing.33 Instead of extinguishing the North/South divide, skeptics argue that economic integration, cross-boundary
financial investment, the digital revolution, and multinational power mire poor countries in the South in even greater poverty. Rodrik, for example, argues:

By focusing on international integration, governments in poor nations will 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.34

Marxist skeptics contend that the hyperglobalist thesis is a myth that rich and developed countries perpetrate 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 of Fidel Castro in Cuba or Hugo Chavez in Venezuela – 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, 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.  

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. Transformationalists are both less enthusiastic than hyperglobalists and less pessimistic than skeptics. Transformationalists 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 proposed 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 national and global 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 within and between nations. 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.36

The most promising approach to such explicitly normative dimensions of development ethics is, I believe, the capabilities perspective discussed briefly 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 have 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, financial liberalization, 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 a reform of global institutions and how a national polity integrates and shapes global forces.

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 for 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 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”37. These communities 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 from and scope of political participation (who should participate and in what way?)

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.”

**Humanizing and Democratizing Globalization: Three Projects.**

Development ethicists have identified three projects that respond to the normative challenges presented by globalization. If development ethics has the task, as Denis 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.** One project – expressed for example in the Commission on Global Governance’s *Our Global Neighbourhood* – aims at incremental reform of existing 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) came into being in early 2002 when a treaty, which national delegates signed in Rome in 1998, was ratified by over sixty 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 nation-states are the most fundamental.

(ii) Radical republicanism, expressed systematically by Richard Falk’s *On Humane Governance: Toward a New Global Politics* and more fervently by many anti-globalizers, seeks to weaken – if not dismantle – existing nation-states and international institutions in favor of self-governing alternative and largely local communities committed to the public good and harmony with the natural environment. The current global order is inherently unjust, for it systematically favors affluent nations and corporations and is stacked against poor nations, peoples, and individuals. 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 or hope 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
First, nation-states should either initiate or deepen and widen both direct and representative democratic rule. Such internal democratization will include some devolution of power to constituent territorial units and civil society. Rather than merely periodic voting, democracy should include public debate and democratic deliberation from top to bottom. 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 would 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 . . . 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.

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.  

What is the relation among these three political projects for humanely responding to globalization? Although they have different emphases and normative commitments, the three projects contribute to humanizing globalization. Liberal-internationalism has current institutional salience and can become a starting point and platform for (as well as a constraint on) the more substantive changes that local and cosmopolitan democracy require. Radical republicans rightly insist on the importance of local and deep democracy. 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 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. As Sen remarks in concluding “How to Judge Globalism:”

The central issue of contention is not globalization itself, nor is it the use of the market as an institution, but the inequity in the overall balance of institutional arrangements —
which produces very unequal sharing of the benefits of globalization. The question is not just whether the poor, too, gain something from globalization, but whether they get a fair share and a fair opportunity. There is an urgent need for reforming institutional arrangements — in addition to national ones — to overcome both the errors of omission and those of commission that tend to give the poor across the world such limited opportunities. Globalization deserves a reasoned defense, but it also needs reform.

Stiglitz, Development Ethics, and Globalization

Joseph E. Stiglitz, like Sen, is both a Nobel Laureate in economics and has addressed the moral dimensions of development in a globalizing world. In two recent books and several articles, Stiglitz criticizes mainstream (Washington Consensus) commitments to free-market liberalism and offers “a new paradigm for development,” which he calls “development as transformation.” In defending this new approach, Stiglitz formulates answers to some of the basic questions in development ethics. He also seeks to resolve some of its controversies, applies his normative vision to assess the goods and bads of globalization, and proposes a development strategy to “reshape” globalization so as to make it more “humane, effective, and equitable.” In very broad strokes, which will miss many nuances in his position, I sketch Stiglitz’s views on each of these issues and begin the assessment that his approach deserves.

Development as Transformation

Considered descriptively, development “represents a transformation of society”: “It embraces a movement from traditional relations, traditional cultures and social norms, traditional ways of dealing with health and education, traditional methods of production, to more ‘modern’ ways.” Rather than accepting the world as it is, the modern perspective acknowledges “that we, as individuals and societies, can take actions that, for instance, reduce infant mortality, extend lifespans and increase productivity.”
Considered normatively, ethically-based development assumes that individuals *should* engage in collective action that results in “sustainable, equitable, and democratic growth”:

“Development is about transforming societies, improving the lives of the poor, enabling everyone to have a chance at success and access to health care and education.” Such transforming action will require, among other things, a “systematic change” in global, national, and local institutions.

**Ethical Principles**

What values and moral commitments should inform this new vision and guide this transforming practice? What should be the most fundamental goals of “development policies in a “world of globalization?” To answer these questions, Stiglitz engages in a form of development ethics, which he designates as “practical ethics” about matters of development. It is practical in three senses. First, Stiglitz sets forth five ethical principles but only minimally clarifies or defends them. For instance, he explicitly says that he will not attempt to derive his principles from higher order principles, although he states “one could articulate these views within a Rawlian [sic] framework, but I shall not do so here.” Unlike Sen who painstakingly explains and defends his normative concepts of agency, capability, and functioning as alternatives to utilitarian and Rawlsian theories, Stiglitz quickly gets down to the work of applying his principles. Second, Stiglitz explains that he has designed the ethical principles for the world as it is, assuming that people are often selfish and that human institutions are always imperfect. One implication of this view is that Stiglitz – although he insists that narrow self-interest and moral imperatives often diverge – seeks incentives for individuals to do the right thing. Another implication is that political institutions should include checks and balances.
Third, Stiglitz’s ethics is pragmatic in the sense of American pragmatism in selecting and seeking implementation of ethical principles he takes their likely consequences into account.

I noted in Part I that development ethicists sometimes differ with respect to the content of the ethical principles they use to evaluate current development policies and practices and advocate alternatives. For Stiglitz, when development agents at local, national, and global levels seek to transform a society they have five fundamental obligations or should aim for five high-priority goals: “honesty, fairness, social justice (including a concern for the poor), externalities, and responsibility.” Not wedded to goals or duties, Stiglitz alternatively formulates his moral vision in terms of first and second generation rights. In what follows I have reordered the list, subsumed “externalities” under a more general principle (protection of life and promotion of security), and added a sixth principle increasingly prominent in Stiglitz’s writing, namely, the duty to promote democracy and respect a person’s right to participate in decisions that affect her life.

First, Stiglitz affirms the ethical norm of “responsibility”: “Responsibility is the ethical norm that individuals should take responsibility for their own actions and for the consequences of those actions.” I suggest that this principle is best understood as the moral companion to Stiglitz’s assumption that persons can act individually and collectively so as to make a difference in the world. Not only is it true that “we, as individuals and societies, can take actions” that have good or bad effects, but we should be held morally accountable – praised or blamed – for voluntary actions and their foreseeable consequences. Individuals and groups, not condemned to be the pawns of impersonal forces or the designs of others, are agents who can and should take charge of their own destiny. Stiglitz’s emphasis on persons as morally responsible accords with Sen’s conception of citizens as agents and his participatory, “agent-oriented” ideal of
The need for broadening the instruments for sustainable development is certainly strong: participatory ethics and citizenship are clearly important in this broadening. But ethics not only has instrumental importance – it can change what we have reason to value. To see a person as a citizen is to take a particular view of humanity – not to see the person just as a creature whose well-being is of relevance; we have to understand a person as a reasoning being who thinks and values and decides and acts. . . .The idea of citizenship brings out the need to see people as reasoning agents, not merely as beings whose needs have to be fulfilled or whose standard of living must be preserved. It also identifies the importance of public participation not just for its social effectiveness, but also for the value of that process in itself.63

Second, implicit in Stiglitz’s writings is that institutions and especially national governments have a duty to protect human life and property and to provide security against standard threats, for instance, the state itself and the depredations by the rich and powerful. This duty to protect subsumes a duty that Stiglitz explicitly asserts -- a development agent’s version of the Hippocratic Oath: “This above all else: We should do no harm.”64

Third, development agents have a duty of social justice in the sense of reducing poverty, especially that of the poorest of the poor. Although Stiglitz could enrich his account by following Sen and distinguishing various forms of capability deprivation from income poverty, both Stiglitz and Sen insist that everyone should be able to live – and have the right to live – a minimally decent life. Like Sen, Stiglitz emphasizes that for most persons this “equality of opportunity” requires employment options as well as the provision of education and health. Stiglitz unremittingly criticizes both international financial institutions and national governments for insufficiently attending to the impact of policies on the poor and not adequately emphasizing poverty alleviation. For example, development agents, contends Stiglitz, should find the right balance between pro-employment and anti-inflation policies, but Washington Consensus overemphasizes the latter and pays too little attention to the former – with the result of increasing
the misery of the poor.

Stiglitz, fourthly, embraces fairness as an ethical principle. Whereas justice concerns the capability of all to attain an absolute threshold, fairness is a comparative notion. Development agents have the duty to not discriminate on the basis of morally irrelevant features such as gender, race, caste, and religious affiliation. Moreover, development agents at every level should insure that development policies and institutions benefit the poor more than the rich and that the rich share more burdens and risk than the poor (because they can afford it more than can the poor). Again, the Washington Consensus turns things upside down. IMF’s insistence on developing country deficit reduction and loan repayment unfairly benefits rich lending institutions more than it does developing countries. It is poor borrowers and not rich lenders that bear the greatest risks in loan agreements. The rich countries keep their own trade barriers high, especially with respect to agriculture, but unfairly and hypocritically require poor countries to open their markets to rich country exports. The United States wants other countries to abide by the “rule of law” but accepts another standard for itself: “it is in favor of the rule of law, as long as the outcomes conform with what it wants.”

Fifth, development agents at all levels – whether public or private – have the duty to be honest and transparent. Citizens and other individuals affected have the right to know what governments and other public institutions are doing and why. Most governments and international financial institutions thrive on secrecy, for secrecy is a useful way to hide mistakes, avoid criticism, give inappropriate favor to special interests, and give officials undue discretion. Stiglitz’s technical work in the economics of asymmetric information (in which inefficiency and unfair disadvantage results when people have unequal information) enables him to see the importance of governmental openness. Not only does secrecy open the door to
corruption, but it also undermines both confidence in government and democracy itself. Rule by the people is impossible if citizens are kept in the dark: “meaningful participation in democratic processes require informed participants.” How can the people adequately deliberate the pros and cons of the US invasion of Iraq if the US government misrepresented the threats involved with Iraq’s alleged weapons of mass destruction? IFI (international financial institutions, such as the World Bank and International Monetary Fund) advisors to developing countries are morally obligated to indicate how much their advice is dependent on forecasts based on sketchy evidence. Necessary are not merely legal codes and sunshine laws but also a “culture of openness, where the presumption is that the public should know about and participate in all collective decisions.” Important means to such transparency are, for Stiglitz, “an active and free press” and venues for public discussion (including discussion on the legitimate limitation of openness).

Stiglitz’s “openness” principle points back to his social justice principle and ahead to his democracy principle. More openness in the national governments as well as IFIs are likely to result in decisions that are more favorable than at present to the poor and lend less cover to the interests of the rich and powerful: “more open and representative deliberation, more open and fuller discussion, would most likely have led to different policies being pursued [during the East Asian economic crisis of 1997], policies that would at the very least have subjected the poor and vulnerable to less risk.” The duty of honesty and the right to know is both valuable in itself and because it contributes to democratic processes, for “secrecy reduces the information available to the citizenry, hobbling their ability to participate meaningfully.”

Although Stiglitz does not include it on his list of principles, I contend that it is duty incumbent on development agents to empower individuals “to participate meaningfully in the
decisions concerning the collective actions that have such profound effects on their lives and livelihoods.”

We can call this the duty to promote and protect democracy, for Stiglitz agrees with John Dewey and Amartya Sen, among others, that democracy is public discussion as well as voting: “Democracy is more than just periodic elections; it entails ensuring that all voices are heard, and there is a deliberative process” in which different views and voices are heard and taken into account and in which “you must persuade others of the rightness of your views, not bully them.” Democracy is a process that enables individuals to exercise their right to run their own lives. They do so in and through dialogue with each other as they seek more or less consensus about some policy or action that will affect them all. Without inclusive participation and democratic deliberation, governments and IFI experts impose their wills from above and outside, creating resentment and divisiveness. With inclusive and deliberative participation, citizens are likely to forge a just policy suitable to their circumstances. Participatory processes are also likely to result in “ownership,” that is, to “elicit commitment and democratic involvement that is necessary for development to be socially acceptable and sustainable.”

One implication of this democracy principle is that IFIs and their economic advisors should not authoritatively prescribe from above the “right choice” let alone “impose” change from the outside. Rather, outsiders should identify an array of options to a developing country, always honestly pointing out likely benefits and burdens -- especially those for the poor. Stiglitz defends this view by remarking that people “cannot be forced to change their hearts or minds; or, indeed, their basic attitudes and values.” A strategic implication is the importance of education, including civic education, security, and health if citizens are to be informed, safe, and sufficiently healthy to participate politically.

These six ethical principles form the abstract normative component of Stiglitz’s paradigm.
of development as transformation. They also provide the basis for his ethical evaluation of globalization, his critique of the Washington Consensus, and his design of alternative institutions and strategies for “globalization with a more human face.”

**Globalization**

How does Stiglitz interpret and evaluate globalization? By “globalization,” Stiglitz means not only “the removal of barriers to free trade and closer integration of national economies” but also closer links and more rapid interactions among the “peoples of the world.” The less impeded and faster “flows” between countries and peoples include not only goods, services, capital, and peoples but also knowledge and values. Among the causes of globalization are reduced costs of boundary-crossing transportation and communication and the reduction of “artificial” restrictions such as trade barriers, immigration restrictions, and intellectual property rights.

Where does Stiglitz stand with respect to the debate, described in Part II above, among hyperglobalists, skeptics, and transformationalists? Stiglitz is fundamentally a transformationalist, that is, he believes that globalization is neither an unalloyed good, that “hyperglobalists celebrate nor the unmitigated evil that anti-globalist skeptics condemn. Sometimes Stiglitz expresses his third way by saying that “globalization itself is neither good nor bad.” He formulates his view more perspicuously, however, when he asserts that – from the standpoint of his moral principles – globalization is a mixture of good and evil. Although it has yielded some good and has the power to bring about much more, integration (of countries and peoples) in its current form has resulted in widespread and unconscionable harm. These negative consequences are largely – but not exclusively – due to fact that rich countries have shaped
globalization for their own benefits or, more precisely, for the benefit of their powerful elites.

Informing and justifying this global dominance is a dogmatic “mind set,” which Stiglitz variously terms the “Washington Consensus,” “free market ideology,”83 and “market fundamentalism.”84 This approach puts great emphasis on markets and significantly reduces and even demonizes the role of governments. As a condition for loans and bailouts, IMF prescribes one (and only one) package: a country should cut government spending or raise taxes, balance its budget (cut deficits and attack inflation), raise interest rates, cut wages, liberalize trade, deregulate capital markets, encourage foreign investment, sell off government owned enterprises, and pay back its loans.85

This kind of increasing economic integration, argues Stiglitz, has enabled some nations and peoples to find markets for their goods and gain access to more, better, and cheaper imported goods. With cheaper and faster communication and travel, remote regions have overcome their isolation and taken advantage of new commodities and ideas. A global civil society has helped diffuse and institutionalize human rights as well as improve approaches to poverty alleviation and democratization.

In spite of these and other benefits, Stiglitz argues that globalization has a “darker side.”86 The particular package of policies pushed by IMF and the U.S. Treasury Department has contributed – knowingly if not intentionally – to innumerable but unnecessary harms.

What are the bads of globalization?87 The number of income-poor people in the 1990s has increased by more than100 million people (to 1.31 billion). Unemployment and poor health is high and growing, with Russia and Argentina among the most painful examples. Even when the poor become less poor, they often do not attain a minimally decent level that justice requires, and the gap between the poor and their rich fellow citizens is increasing. To repay debts to
foreign lenders and balance country budgets, state provisioning for health, education, and job creation are cut. Forced privatization results in government-owned enterprises sold at favorable prices to the rich and well-connected -- who, in turn, either strip the enterprises of their assets or set up mafia-linked monopolies. Lack of a regulatory framework opens the door to corruption. Given the upsurge in drug traffickers, sex traders, and crony capitalists, crime increases and human security decreases. Urban and ethnic conflicts erupt when people are hungry and powerless. Democracy is undermined or never has a chance to emerge when foreign experts or a national elite make the crucial decisions.

Suppose that Stiglitz is correct that the current shape of globalization has had these bad consequences. Whom or what does he hold morally culpable? How does he address the controversy, which I noted in Part I, among development ethicists and economists with respect to responsibility for failed development? Stiglitz happily avoids one-sided views that ascribe the ills of globalization exclusively to either internal or external factors. He vigorously indicts the Washington consensus, but he believes that this ideology is shared by both external and internal development agents and financial decisionmakers. He finds much fault in national leaders and entrepreneurs not only when they implement – sometimes enthusiastically – neoliberalism but also when engage in corrupt or criminal practices. (Stiglitz also praises China, which resisted IMF prescriptions and “following its own course, showed there was an alternative path of transition which could succeed both in bringing the growth that markets promised and in markedly reducing poverty.”) Stiglitz’s lays the greatest blame, however, on the IFIs, the rich countries that control the IFIs, and the elite interests that often call the shots in rich countries: “governments of the advanced industrial countries have tried to manage globalization in ways which benefit themselves, or more particularly special interests within their boundaries” Even
worse, these rich governments and special interests have not only been the dominant shapers of globalization but have also unfairly reaped globalization’s goods at the expense of poor countries and peoples.

If rich countries and IFIs are to be guided by ethics, they must recognize that sometimes – especially when there is an asymmetry of information and power between actors – what is right and just diverges from the advantaged actor’s (short-termed) self-interest:

When one is in such a situation, do not necessarily do what is in your own self-interest. Think about the moral dimensions of our actions, how the poor and weak are likely to suffer or benefit.91

Appealing here to his ethical principles, Stiglitz concludes:

In the way they have sought to shape globalization, the advanced industrial countries have violated some basic ethical norms.92

It [US global strategy] was based on pressuring countries in the Third World to adopt policies that were markedly different from those that we ourselves had adopted – to adopt the market fundamentalist policies that represented everything at home that the Clinton administration was fighting against. It was based on our putting aside principles – principles of social justice, equity, fairness, that we stressed at home – to get the best bargain we could for American special interests.93

**Humanizing Globalization**

Given his ethical principles and his diagnosis of the source of globalization’s harms and benefits, Stiglitz advocates a “new framework” for – and the radical reform of – global and national institutions. Stiglitz is a transformationalist (in Held’s sense) because globalization has brought about the *economic* and cultural interdependence of hitherto more or less closed societies, and globalization – unlike the one-sided views of either the hyperglobalists or skeptics -- is a mixture of goods and bads. He does not fully qualify as a transformationalist in Held’s sense. Unlike Held, Stiglitz sees scant global “political integration” in contrast to Held who sees
ways in which sovereign states are already being supplemented by global civil society and global quasi-political institutions. For Stiglitz, full transformationalism is a vision to be accomplished rather than institutions in the making. Stiglitz believes it is precisely because “economic globalization has outpaced political globalization”\(^94\) that the world’s nations and peoples through “collective action” can and should create “a polity in which shared values of democracy, social justice, and social solidarity play out on a global scale.”\(^95\)

How does Stiglitz propose that globalization “be radically rethought,”\(^96\) “reshaped,”\(^97\) and given “a more human face”?\(^98\) How does Stiglitz’s alternative to the Washington Consensus relate to the three humanization “projects,” that I discussed in Part II: liberal internationalism, radical republicanism, and cosmopolitan democracy?

Although Stiglitz’s alternative vision shares features of each of these three projects, I believe Stiglitz’s recommendations fit best within liberal internationalism. Stiglitz shares liberal internationalism’s assumption that the global order is and will be composed of sovereign nation-states, global institutions (whose members represent nation-states), transnational corporations, and an emerging global civil society. Stiglitz’s aim is to reform this global architecture. His recommended reforms are a good deal more than those current World Bank or IMF “reforms” that tend to be merely rhetorical, “half-hearted or half-baked,”\(^99\) and pretty much carry on business as usual. Like liberal internationalism, however, Stiglitz does not propose that the current global order be abolished or radically “reconstituted.” Incremental, slow-paced, and sequenced changes (and not “shock therapy”) are called for because incremental change enables societies to transform themselves without destroying their cultural identity. Stiglitz’s watchword is “Get the balance right.” There should be a gradual and incremental power shift from collective action at the local and nation-state level to collective action in global institutions.\(^100\)
but Stiglitz does not address – as does Held et al. – the question of whether national sovereignty is being and should be reduced in favor of higher and lower centers of relative or quasi-sovereignty.

For Stiglitz, IFIs should not only reshape their tables and rearrange the chairs of those who come to the table, but they also should give more voice – if not voting rights – to representatives from poor countries. IFIs should also get the balance right between respecting a recipient nation’s right to decide its own path and promoting a general strategy (within which the nation can make its own decisions). Instead of imposing economic reforms from above, IFIs should offer alternative strategies and honestly estimate each strategy’s costs and benefits, especially for the poor and powerless. IFIs proactively also should adopt Stiglitz’s paradigm of development as transformation and assist nation-states in getting their own balance right between the roles of state and market. ¹⁰¹ One way to do so is to forgive or alleviate a poor country’s – often crushing – debt owed to private banks and IFIs. Rather than insist on loan repayments or relying on bailouts, IFIs should forgive debts, especially when banks made otiose loans to now-ousted dictators (who absconded with the money) or lent monies they knew were unlikely to be repaid. Another way is to reject the coercive offers and fungibility problems connected to tied or conditional aid in favor of selecting for assistance those countries who have taken development into their own hands and have performed well in the past.¹⁰²

It should be stressed, however, that in Stiglitz’s judgment national governments as well as IFIs have responsibilities. Recognizing the dangers of completely unregulated capital markets and trade policy, IFIs should recommend and states should establish appropriate regulatory frameworks. Rejecting both left-wing and right-wing views that see states and markets as mutually exclusive and exhaustive alternatives, Stiglitz argues that IFIs and the states are obliged
to “get the balance right between government and market.”103 A responsible state should address market failures and promote social justice.104 Economic growth must be made pro-poor through state (and public/private) provision of jobs, health care, and education. Although inflation hurts the poor, job creation, poverty reduction, and low interest rates should be of greater concern – except in cases of hyperinflation.

The “reformist” character of Stiglitz’s proposal to humanize globalization comes out clearly when we compare it with that “radical republicanism,” which advocates the elimination of nation-states and IFIs in favor of non-coercive networks of local, self-determining communities. Stiglitz does recognize the importance of what he calls “localization.” This “demand for greater political, fiscal, and administrative autonomy,” he contends, is often a reaction to globalism and is “tied to the upsurge of participatory politics that has given many people a voice and provided foci for organization.”105 But, for Stiglitz, local improvements such as land reform and local governance require the right kind of national infrastructure as well as supportive and regulative polices. Stiglitz would bolster his argument by referring to the likelihood that without the right kind of regulatory and democratic framework, local elites would capture grassroots institutions.106

Yet Stiglitz’s account is only beginning to make adequate room for the role that grassroots, municipal, and province-wide innovations may play -- sometimes in partnership with national or international interventions.107 Moreover, some local groups show more ingenuity and resourcefulness than others in taking advantage of the goods and avoiding the bads of globalization. In turn these local experiments may set good examples for other communities at home and abroad. National and international institutions may embrace and assist these local experiments and in turn promote them on other local levels. Porto Alegre, Brazil’s fifteen-year
success with participatory budgeting, and Kerala, India’s renovation of the Panchayet system—these innovations are having impacts far beyond their locations of origin. Stiglitz could improve his framework by getting a better balance between local and national/international transformation.

Recall that Held and colleagues identified and endorsed “cosmopolitan democracy” as a third project for humanizing globalization. This approach retains a role for national governments but describes and advocates both more robust sub-national and supranational collective action and governance structures. Held et al. call for a “double democratization” in which both global and national institutions install or consolidate democratic decision making that is more inclusive and deliberative than current exercises in collective choice. It might be better to call this project “multiple democratization” instead of “cosmopolitan democracy,” for Held et al. envisage transnational corporations and global civil society as additional venues for democratization.

There are increasing indications that Stiglitz is taking steps toward this third approach to humanizing globalization. In his most recent book he calls his vision “democratic idealism,” and as we have seen, his sixth ethical principle is that of inclusive and deliberative democratic decision-making. Just as all people have a right to know, so they have a right to (help) decide those matters that affect them, to be the authors of their individual and collective destinies. Democracy should be deepened and broadened in both developed and developing countries. Moreover, and here (on the last page of Globlization and Its Discontents) Stiglitz goes beyond his liberal internationalism, global institutions should become venues for a more inclusive and deeper democracy:

Development is about transforming societies, improving the lives of the poor, enabling everyone to have a chance at success and access to health care and education.

This sort of development won’t happen if only a few people dictate the
policies a country must follow. Making sure that democratic decisions are made means ensuring that a broad range of economists, officials, and experts from developing countries are actively involved in the debate. It also means that there must be road participation that goes well beyond the experts and politicians. Developing countries must take charge of their own futures. But we in the West cannot escape our responsibilities. . . .

The developed world needs to do its part to reform the international institutions that govern globalization.109

What more specifically does Stiglitz propose? Very little. Just when one expects that he will make his vision more determinant and describe how democracy might be deepened and broadened in our current international and national institutions, Stiglitz falls largely silent. He does make the general point that “governments must be willing to accept bounds on their sovereignty and act in concert” and that “to reap the benefits of globalization, it is necessary to have international institutions that put in place commonly agreed on and widely observed rules.”110 He does tell us that the World Bank and IMF should broaden voting rights or, short of that, include more nonvoting members at the table.111 He does urge that IFIs fund independent think tanks in developing countries.112 And, as noted above, Stiglitz recommends that IFIs do less prescribing and more offering of options (without strings attached).113 But more attention is needed as to how democratic decision-making at all levels might be promoted, consolidated, deepened, and broadened. In Stiglitz’s defense, it is not as if anyone (even Held and associates) have gone much further in specifying a vision of cosmopolitan democracy as a way of humanizing globalization. The challenge is one for Stiglitz and the rest of us who have been stimulated by his call to make globalization more “humane, effective, and equitable.”

To Stiglitz’s credit, he does underscore a point that many (including Held et al.) either ignore or downplay: “Globalization also forces us to address issues of social justice at the global level.”114 For Stiglitz, “with globalization, principles of fairness and justice will increasingly
need to guide our attitudes towards how we treat members of our global community.” We (citizens, developed nations, IFIs) are obligated not to harm poor nations and peoples, even or especially when such harm will benefit us. Moreover, when we have so much and others have so little, global social justice compels us to assist poor nations and peoples, especially when we can do so at no great sacrifice of our own opportunities. Furthermore, we should be cautious in assuming that what is good for us necessarily promotes global justice: “processes in which each nation attempts to push for those policies which are narrowly in their own self-interest are not likely to produce outcomes which are in the general interests.” Finally, Stiglitz reminds us that in global matters a wider and enlightened concept of self-interest may sometimes converge with what ethics requires:

We may, in the short run, be able to make progress in winning the physical war on terrorism. But in the long run, the battle is for the hearts and minds of the young people around the world. If they are confronted by a world of despair, of unemployment and poverty, of global hypocrisy and inequity, of global rules that are patently designed to advance the interests of the advanced industrial countries – or more accurately, special interests within those countries – and disadvantage those who are already disadvantaged, then the young will turn their energies from constructive activities, to building a better world for themselves and their children, to destructive activities. And we will all suffer as a consequence.

Globalization presents both opportunities and dangers. Development ethicists, such as Stiglitz, enrich public discussion by challenging global citizens to improve development policies and global institutions so that globalization can be less of a curse and more of a blessing.

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Notes

Segal, and Roxanne Walters.


4 Three groups devote themselves to ethics and development: (1) the International Development Ethics Association, founded in Costa Rica in 1984 (http://www.development-ethics.org/); (2) the Inter-American Initiative on Social Capital, Ethics and Development, established by the Inter-American Development Bank in 2000 (http://www.iadb.org/etica/ingles/index-i.cfm); and (3) the Capability Group, which starting holding conferences in 2001 and is forming an association (http://www.fas.harvard.edu/~freedoms).


6 For a sample of such moral dilemmas or challenges, see David A. Crocker, “Toward Development Ethics.”


12 See Nussbaum and Glover, eds., *Women, Culture and Development*.


18 Ibid., 143.
19 Pogge himself formulates a more balanced view in hypothetically discussing Brazil: “If a particular underfulfillment of human rights – hunger in Brazil, say – comes about through the interplay of global and national factors and could be remedied through global as well as through national institutional reforms, then the responsibility for this underfulfillment lies with both institutional schemes and therefore also with both groups of persons: with all those involved in upholding the global or the Brazilian basic structure” (Ibid., 50).


23 Held et al., Global Transformations, 16.

24 Ibid., 2-16.


29 Ibid., 57.


34 Rodrik, “Trading in Illusions,” 55.

35 Held et al., Global Transformations, 429.

36 In addition to the present anthology, a recent interdisciplinary volume – with essays by religious leaders, politicians, businesspeople, and scholars (but no philosophers) – promises to help fill this void. See John H. Dunning, ed. Making Globalization Good: The Moral Challenges of Global Capitalism (Oxford: Oxford University Press, 2003). I became aware of this collection as the current chapter was being finished.

37 Ibid., 444.

38 Ibid., 446-47.


42 Held et al., Global Transformations, 450.


45 For the idea of open and flexible personal identity, see Amartya Sen, “Reason Before Identity,” Romanes

46 Held et al., Global Transformations, 449.
47 Ibid., 450.
50 Stiglitz, Globalization, xvi.
53 Ibid.
54 Stiglitz, Globalization, xi.
55 Ibid., 252.
60 See Stiglitz, Roaring Nineties, 304-305.
64 Stiglitz, Globalization, 192. See Ethics, Market and Government Failure, 17.
65 Ibid., 60-61, 172.
66 Stiglitz, Roaring Nineties, 312. See Ibid., 333-34.
68 Ibid., 135.
69 Ibid., 152.
70 Stiglitz, Globalization, xx.
72 Ibid., 125.
73 Ibid., 156.
74 Stiglitz, Roaring Nineties, xxii.
75 Ibid., 301.
78 Ibid.
76 Ibid., ix. See also Ibid., 9 and *Roaring Nineties*, x and xv.
77 Ibid., 9.
78 Ibid., 20
79 Ibid., 13.
83 See, for example, Stiglitz, “Globalization,” 8, 20.
84 It is beyond the scope of this essay, to evaluate Stiglitz’s claims with respect to the effects of globalization and the IFIs’ role in producing them. Benjamin Friedman is correct to challenge someone such as Stanley Fischer or Lawrence Summers (premier economists involved in IMF or Treasury Department decisions) to assess Stiglitz’s account. Another candidate would be Stiglitz’s colleague at Columbia, Jaddish Bhagwati.
87 Ibid.
89 Ibid., 22, 215.
90 Ibid., 247.
91 Ibid., 251.
93 Ibid., xi, 283, 294.
98 In *Human Development Report 2003*, United Nations Development Programme (UNDP) argues for greater decentralization, but most of the examples they give seem to have been subject to elite capture. An important challenge is to identify municipal and other local development institutions that have been able to resist domination by local elites. See James Manor, *The Political Economy of Democratic Decentralization* (Washington, D.C.: World Bank, 1999); and Philip Oxhorn, Joseph S. Tulchin, and Andrew Selee, eds. *Decentralization, Democratic Governance, and Civil Society: Perspectives from Africa, Asia, and Latin America* (Baltimore: Johns Hopkins University Press/Woodrow Wilson Center Press, forthcoming).
99 His most suggestive remarks about the potential of local governance occur in Yusuf and Stiglitz, “Development Issues,” 236-38, 243-47.
102 Yusuf and Stiglitz, “Development Issues,” 244.
103 Ibid., 225-27.
104 Ibid., 227
105 Ibid., 251,
107 Ibid., 315.
117 Stiglitz, Roaring Nineties, 316.