Comments

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The British in their own time fought many "wars" on terrorism—but they called them emergencies, not wars.

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Coping with Antiglobalization

A Trilogy of Discontents

Jagdish Bhagwati

Globalization—a focal point of hostile passions and sometimes violent protests—has become a phenomenon doomed to unending controversy. Advocates cite its virtues and its inevitability. Opponents proclaim its supposed vices and vincibility. Central to many of the protests against it is a trilogy of discontents about the idea of capitalism, the process of globalization, and the behavior of corporations. And all three of these discontents have become interlinked in the minds of many protesters. Globalization's enemies see it as the worldwide extension of capitalism, with multinational corporations as its far-ranging B-52s.

As the twentieth century ended, capitalism seemed to have vanquished its rivals: fascism, communism, and socialism. The disappearance of alternative models of development provoked anguished reactions from the old anticapitalists of the postwar era, who ranged from socialists to revolutionaries and remained captive to a nostalgia for their vanished dreams.

But globalization has also fallen afoul of a younger group of critics. And the nostalgia of the fading generation cannot compete with the passions of these younger dissidents, who were so evident on the streets at recent world economic gatherings in Seattle, Washington, Prague, Québec City, and Genoa, and who have made themselves heard on college campuses in movements such as the antisweatshop coalition.

Far too many of the young see capitalism as a system that cannot meaningfully address questions of social justice. Many of these youthful skeptics seem unaware that socialist planning in countries such as India, which replaced markets system-wide with quantitative allocations, worsened rather than improved unequal access. Such socialism produced queues that the well connected and the well endowed could jump, whereas markets allow a larger number of people to access their targets. Capitalism is a system that, paradoxically, can destroy privilege and open up economic opportunity to many—

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but this fact is lost on most of the system's vocal critics.

THE PERILS OF EDUCATION

Many of today's young, virulent anticapitalists experienced their social awakenings on campuses, in fields other than economics. English, comparative literature, and sociology are all fertile breeding grounds for such dissent. Deconstructionism, as espoused by the French philosopher Jacques Derrida, has, with its advocacy of an "endless horizon of meanings," left the typical student of literature without anchor. Derrida's technique is to deconstruct every political ideology, including Marxism. Typically, however, it is capitalism that becomes the focus of these efforts, not Marxism. And this process often has nihilistic overtones, with the paradoxical result that many of its followers now turn to anarchy.

Within sociology, new literary theory and old Marxist thought have equal influence on many students. These students have contempt for economic defenses of capitalism, asserting that economics is about value whereas sociology is about values. Economists retort that as citizens they may choose ends, but as economists they choose the means for harnessing humanity's basest instincts through appropriate institutional design to produce public good.

The presumption made by many of its radical students—that sociology is a better guide to ethics than is economics—is also misplaced. Certainly sociology's related discipline, social anthropology—many of whose adherents now find their voice in nongovernmental organizations (NGOs), foundations, and the World Bank—traditionally leans toward preserving cultures, whereas economics is a tool for change. But if reducing poverty by using economic analysis to accelerate growth and thereby pull people up into gainful employment and dignified sustenance is not moral, and a compelling imperative, what is?

Apart from academic theory, other sources that today are propelling the young into anticapitalist attitudes can be found in new technologies: cable television and the Internet. These innovations help explain the dissonance that now exists in many of globalization's critics between empathy for the misery of a distant elsewhere, and an inadequate intellectual grasp of what can be done to ameliorate that distress. The resulting tension then takes the form of unhappiness with the capitalist system within which we live and anger at its apparent callousness.

As the philosopher David Hume observed, ordinarily our empathy for others diminishes as we go from our nuclear to our extended family, to our local community, to our state or county, to our nation, to our geographical region, and then to the world. But thanks to television and the Internet, the world now often seems closer than our immediate neighbors. These technologies have brought images of far-off suffering into our homes. And when today's young people see and are anguished by poverty, civil wars, and famines in remote areas of the world, they have no way to cope with it in terms of rational, appropriate action. In 1999, for example, kids protesting the World Trade Organization's Seattle meeting dressed as turtles to denounce the organization—unaware that the WTO's judicial body had recently ruled in the turtles' favor. True, there are several serious NGOs with real

knowledge and legitimate policy critiques, but they are not the ones agitating in the streets.

DEMONIZING CAPITALISM

Anticapitalism has turned into antiglobalization among left-wing students for reasons that are easy to see but difficult to accept. The notion that globalization is merely an external manifestation of the internal struggles that doom capitalism—and that globalization is also, in essence, the capitalist exploitation of weak nations—provides an explanation linking the two phenomena that resonates among the idealist young on the left. Capitalism, they argue, seeks globalization to benefit itself and, in the process, harms others abroad.

Central to this perspective is the notion that "monopolies"—for that is how multinational corporations are often described today in antiglobalization literature—are at the heart of the problem. Such monopolies, it is argued, exploit rather than benefit people abroad. Globalization is thus seen as a rapacious force that delays the demise of capitalism at home and harms innocents living abroad. Such attitudes, of course, grossly exaggerate the strength of corporations, which, even when large, undercut one another through competition. Multinationals' political power is similarly often stifled by economic and national competition.

Yet the antiglobalists insist that multinationals must necessarily be bad, because global integration without globally shared regulations must surely make things too easy for international corporations. Multinationals seek profits by searching for the most likely locations to exploit workers and nations, the protesters argue, thereby putting intolerable pressure on their home states to abandon their own gains in social legislation, leading to a supposed "race to the bottom." But appealing as this scenario may appear to some, it does not withstand scrutiny. Much recent empirical work shows that the evidence for this supposed race to the bottom is practically nonexistent.

There are plenty of explanations for why corporations do not rush in to pollute rivers and the air even when there are no laws on the books to prevent them. Aside from economic reasons for not choosing environmentally unfriendly technology, the main check is provided by the fear of a bad reputation. In today's world of CNN, civil society, and the proliferation of democracy, multinationals and their host governments cannot afford to alienate their constituencies.

FRAGILE ALLIANCES

The recent successes of the forces of antiglobalization can also be explained by the fortuitous alliance struck between young agitators, conventional lobbies such as the labor movement, new pressure groups such as the environmentalists, and human rights crusaders.

Seattle saw these groups merge and emerge as a set of coalitions. The "Teamsters and turtles" faction included unions, students, and environmentalists. Meanwhile, environmentalists teamed up with blue-collar unions into a "green and blue" alliance. "Labor standards" was supplanted by "labor rights" as a rallying cry, heralding the alliance of human rights activists and the unions. And the growth of the antisweatshop movement on university campuses was accomplished by students returning from summer internships with

organized labor, who then brought their fellow students and their views into an alliance with the unions.

Although these partnerships have made the antiglobalizers more effective, however, the alliances themselves remain fragile. Thus after the September 11 attacks on the World Trade Center, the coalition between unions and students started to fragment, as campuses turned against the subsequent war and the unions came out for it. The turn toward violence by student protesters in Seattle, Québec City, and Genoa also prompted union misgivings: the rank and file of the labor movement are not sympathetic to such tactics. The fissures are now many, and the negative antiglobalization agenda is not sufficient glue to hold these disparate groups together if they head off on different trajectories.

Still, the antiglobalization movement will remain an irritant on many fronts unless the numerous false and damning assumptions it entails about capitalism, globalization, and corporations are effectively countered with reason and knowledge in the public arena. This has yet to be accomplished; it is truly astonishing, for example, how widespread is the assumption that if capitalism has prospered and economic globalization has increased while some social ills have worsened, then the former phenomena must have caused the latter.

The chief task now before those who consider globalization favorably, then, is to confront the notion—implicit in many of the intellectual and other underpinnings of antiglobalization sentiment—that while globalization may be economically benign in the sense that it increases overall wealth, it is socially malign in terms of its impact on poverty, literacy, gender equality, cultural autonomy, and diversity. That globalization is often not the enemy of social progress but rather a friend is not that difficult to argue, once one starts thinking about the matter deeply and empirically. Take corporations again: Have they hurt women, as some claim? Japanese multinationals, as they spread throughout the world during the years of Japanese prosperity, took Japanese men with them. But these men also brought their wives: to New York, Paris, London, and other cities in the West, where the Japanese housewives saw for themselves how women could lead a better life. This experience transformed many of these women into feminist agents of change.

Meanwhile, as the economists Elizabeth Brainerd and Sandra Black have shown, wage differentials against women have decreased faster in industries that compete internationally, for such industries simply cannot afford to indulge their biases in favor of men. Women in poor countries also benefit when they find jobs in global industries. Some feminists complain that young girls are simply exploited by multinationals and sent back home as soon as they are ready for marriage, picking up no skills in the process. But ask these same girls about their experiences and one finds that the ability to work away from home can be liberating—as is the money they earn.

Nonetheless, campus antisweatshop activists still accuse international corporations of exploiting foreign workers. But studies, such as that by Ann Harrison of Columbia University's School of Business, show that in some developing countries, multinationals pay their workers

more than 10 percent above the going wage, at least in their own factories (as distinct from those of subcontractors or suppliers of components and parts, who may pay only the prevailing wage).

HOW GOOD IS GOOD ENOUGH?

The common apprehensions about globalization's social impact are mistaken, then. But it is not sufficient to retreat to the argument that globalization is only helpful "by and large" or "more or less." Globalization's occasional downsides should still be addressed. Doing so requires imaginative institutional and policy innovation. For instance, the insecurity that freer trade seems to inculcate in many—even if not justified by economists' objective documentation of increased volatility of employment—needs to be accommodated through the provision of adjustment assistance. In poor countries that lack the resources to pay for such assistance themselves, such programs must be supported by World Bank aid focused on lubricating the globalization that this institution praises and promotes.

With the growth of civil society, there is also legitimate impatience with the speed at which globalization will deliver on the social agendas. Child labor, for example, will certainly diminish over time as growth occurs. In this sense, globalization is part of the solution, not the problem. But people want progress to go faster. Still, the way to improve globalization is not through trade sanctions, which remain the obsession of Congress and certain lobbies; sanctions are a remedy that threatens globalization by disrupting market access and tempting protectionists.

Of course, in cases of abuse that spark huge moral outrage, a widespread resort to trade sanctions might work. But in other cases, suasion, especially for social agendas that appeal to our moral sense, surely has a better chance of succeeding. This is particularly true now thanks to CNN and the NGOs. A good tongue-lashing from such outlets is more likely than sanctions to advance progressive social agendas. Indeed, sanctions may not just be unproductive; they may even be counterproductive. In one case, the sheer threat to exports embodied in the proposed 1995 Harkin Child Labor Deterrence Act led to children being laid off from Bangladeshi textile factories. Female children then wound up with even worse employment: prostitution. Contrast this with the International Program for the Eradication of Child Labor run by the International Labor Organization. This effort eschews sanctions, working instead to reduce child labor by coordinating with local NGOs, interested aid donors, and cooperative host governments. The program ensures that children get to their schools, that schools are available for them in the first place, and that impoverished parents who lose a child's income are financially assisted when necessary.

A great upside of the use of moral suasion is that it joins the two great forces that increasingly characterize the twenty-first century: expanding globalization and growing civil society. Partnership, rather than confrontation, can lead to shared success, and is certainly worth the hassle.

Finally, corporations should be defended against ignorant, ideological, or strategic assaults. Corporations generally do good, not harm. Again, however, the question has to be, Can they help us to do even more good? Purists say that shareholders, not corporations, should be the ones to

do the social good. But that argument makes little sense. Nonprofit corporations aid society's underprivileged. Columbia University uses its student and faculty resources to assist the poor in Harlem. Meanwhile, Microsoft and IBM similarly assist the communities in which they function. More corporations today need to do just that, each in its own way. Pluralism is of the essence here: no NGO, or government, has the wisdom or the right to lay down what corporations must do. Social good is multidimensional, and different corporations may and must define social responsibility, quite legitimately, in different ways in the global economy. A hundred flowers must be allowed to bloom, creating a rich garden of social action to lend more color to globalization's human face.

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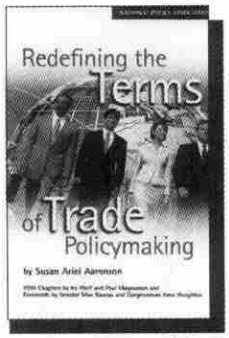

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