

## INTERDEPENDENCE AND GLOBAL JUSTICE<sup>1</sup>

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### 1

Justice, it has been argued, should not only be done, it must also be "seen to be done." Or, more explicitly (as Lord Hewart put it in his famous judgement in 1923), justice "should manifestly and undoubtedly be seen to be done." It is useful to think of this requirement of justice when assessing the pros and cons of globalization in general, and the particular role of interdependence in making globalization a success. There are good reasons to argue that economic globalization is an excellent overall goal and that it is making a very positive contribution in the contemporary world. My distinguished co-speaker, Martin Wolf, has presented powerful reasons for that basic diagnosis in his highly illuminating recent book, Why Globalization Works.<sup>3</sup> At the same time it is hard to deny that there is some difficulty in persuading a great many people - making them "see" - that globalization is a manifest blessing for all, including the poorest. The existence of this confrontation does not make globalization a bad goal, but it requires us to examine the reasons for which there is difficulty in making everyone see that the globalization is "manifestly and undoubtedly" good.

The critical assessment of globalization has to go hand in hand

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<sup>3</sup> Martin Wolf, Why Globalization Works (New Haven: Yale University Press, 2004).

with trying to understand why so many critics, who are not moved just by contrariness or obduracy, find it hard to accept that globalization is a great boon for the deprived people in the world. If many people, especially in the less prosperous countries in the world, have genuine difficulty in seeing that globalization is in their interest, then there is something seriously challenging in that non-meeting of minds.

The underlying challenge involves the role of public reasoning, and the need for what John Rawls, the philosopher, calls "a public framework of thought," which provides "an account of agreement in judgement among reasonable agents." Rawls's own analysis of critical assessment was largely confined to issues of justice within a country, but it can be extended to global arguments as well, and certainly has to be so extended if we are trying to assess the ends, and also the ways and means, of appropriate globalization. The goal of globalization cannot be concerned only with commodity relations, while shunning the relations of minds.

## 2

When, last December, the General Assembly of the United Nations requested the Secretary-General to prepare a report on "globalization and interdependence" to "forge greater coherence," they were opening the door not only to conventional questions of ways and means, but also to questions that deal with the transparency of assessments and the discernability of benefits. We have to ask, in particular, how global economic relations may be assessed in a way that the consequent understanding can be widely shared.

Having started this lecture at the level of some generality, let

me now take a plunge in the interest of brevity - given the time constraint that applies to this lecture - to an exercise of assessment.

The achievements of globalization are visibly impressive in many parts of the world. We can hardly fail to see that the global economy has brought prosperity to quite a few different areas on the globe. Pervasive poverty and "nasty, brutish and short" lives dominated the world a few centuries ago, with only a few pockets of rare affluence.

In overcoming that penury, extensive economic interrelations as well as the deployment of modern technology have been extremely influential and productive.

It is also not difficult to see that the economic predicament of the poor across the world cannot be reversed by withholding from them the great advantages of contemporary technology, the well-established efficiency of international trade and exchange, and the social as well as economic merits of living in open rather than closed societies. People from very deprived countries clamour for the fruits of modern technology (such as the use of newly invented medicines, for example for treating AIDS); they seek greater access to the markets in the richer countries for a wide variety of commodities - from sugar to textiles; and they want more voice and attention from the rest of the world. If there is scepticism of the results of globalization, it is not because the suffering humanity wants to withdraw into its shell.

In fact, the pre-eminent practical issues include the possibility of making good use of the remarkable benefits of economic connections, technological progress and political opportunity in a way that pays

adequate attention to the interests of the deprived and the underdog.<sup>4</sup>

That is, I would argue, the constructive question that emerges from the anti-globalization movements. It is, ultimately, not a question of rubbishing global economic relations, but of making the benefits of globalization more fairly distributed.

### 3

The distributional questions that figure so prominently in the rhetoric of both anti-globalization protesters and the pro-globalization defenders need some clarification. Indeed, this central issue has suffered, I would argue, from the popularity of somewhat unfocused questions. For example, it is often argued that the poor are getting poorer. This, in fact, is by no means the standard situation (quite the contrary), even though there are some particular cases in which this has happened. Much depends, in any case, on what indicators of economic prosperity are chosen; the answers that emerge do not speak in one voice. Furthermore, the responsibility for failures does not lie only on the nature of global relations, and often enough relate more immediately and more strongly to the nature of domestic economic and social policies. Global economic relations can flourish with appropriate domestic policies, for example through the expansion of basic education, health care, land reform and facilities for credit (including micro-credit). These are good subjects for public discussion - for the exercise of minds - since economic understanding can be greatly hampered by uncritical and over-rapid attribution of

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<sup>4</sup> This is discussed more fully in my Development as Freedom (New York: Knopf, 1999).

alleged responsibility.

On the other side, the enthusiasts for globalization in its contemporary form often invoke - and draw greatly on - their understanding that the poor in the world are typically getting less poor, not (as often alleged) more poor. Globalization, it is argued, cannot thus be unfair to the poor: they too benefit - so what's the problem? If the central relevance of this question were accepted, then the whole debate would turn on determining which side is right in this mainly empirical dispute: are the poor getting poorer or richer?

But is this the right question to ask? I would argue that it absolutely is not. Even if the poor were to get just a little richer, this need not imply that the poor are getting a fair share of the benefits of economic interrelations and of the vast potentials of globalization. Nor is it adequate to ask whether international inequality is getting marginally larger, or smaller. To rebel against the appalling poverty and the staggering inequalities that characterize the contemporary world, or to protest against unfair sharing of benefits of global cooperation, it is not necessary to show that the inequality is not only very large, but it is also getting larger.

The central questions have been clouded far too often by over-intense debates on side issues (to which both sides in the dispute have contributed). When there are gains from cooperation, there can be many alternative arrangements that benefit each party compared with no cooperation. It is necessary, therefore, to ask whether the distribution of gains is fair or acceptable, and not just whether there

exist some gains for all parties (which can be the case for a great many alternative arrangements). As J.F. Nash, the mathematician and game theorist, discussed more than half a century ago (in a paper from Econometrica 1950, which was among his writings that were cited by the Royal Swedish Academy in awarding him the Nobel Prize in economics), the central issue is not whether a particular arrangement is better for all than no cooperation at all (there can be many such alternatives), but whether the particular divisions to emerge are fair divisions, given the alternative arrangements that can be made.<sup>5</sup> The criticism that a distributional arrangement from cooperation is unfair cannot be rebutted by just noting that all the parties are better off than would be the case in the absence of cooperation: there can be many - indeed infinitely many - such arrangements and the real exercise is the choice among these various alternatives.

#### 4

I can try to illustrate the point with an analogy. To argue that a particularly unequal and sexist family arrangement is unfair, it does not have to be shown that women would have done comparatively better had there been no families at all. That is not the issue: the bone of contention is whether the sharing of the benefits within the family system is seriously unequal in the existing institutional arrangements. The consideration on which many of the debates on globalization have concentrated, to wit, whether the poor too benefit

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<sup>5</sup> J.F. Nash, "The Bargaining Problem," Econometrica, 18 (1950).

from the established economic order, is inadequately probing - indeed it is ultimately the wrong question to ask. What has to be asked instead is whether they can feasibly have a fairer deal, with a less unequal distribution of economic, social and political opportunities, and if so, through what international and domestic arrangements. That is where the real issues lie.

This is also why the so-called "anti-globalization" protesters, who seek a better deal for the underdogs of the world economy can not be sensibly seen - contrary to their own rhetoric -as being really anti-globalization. Their search has to be for a fairer deal, a more just distribution of opportunities in a modified global order. And that is also why there is no real contradiction in the fact that the so-called "anti-globalization protests" are now among the most globalized events in the contemporary world. It is a global solution they must ultimately seek, not just local withdrawals.

## 5

Can the deal that different groups get from globalized economic and social relations be changed without busting or undermining these relations altogether, and in particular without destroying the global market economy? The answer, I would argue, is entirely in the affirmative. Indeed, the use of the market economy is consistent with many different ownership patterns, resource availabilities, social opportunities, rules of operation (such as patent laws, anti-trust regulations, etc.). And depending on these conditions, the market economy itself would generate different prices, terms of trades, income distributions, and more generally diverse overall outcomes. The

arrangements for social security and other public interventions can make further modifications to the outcomes of the market processes.

Together they can radically alter the prevailing levels of inequality and poverty. All this does not require a demolition of the market economy, but does demand alterations of the economic and social conditions that help to determine what market solutions would emerge.

The central question is not - indeed cannot be - whether or not to use the market economy. That shallow question is easy to answer, since it is impossible to achieve much economic prosperity without making extensive use of the opportunities of exchange and specialization that market relations offer. Even though the operation of the market economy can be significantly defective (for example because of asymmetric - and more generally imperfect - information), which must be taken into account in making public policy, nevertheless there is no way of dispensing with the institution of markets in general as an engine of economic progress. Using markets is like speaking prose - much depends on what prose we choose to speak.

The market economy does not work alone in globalized relations - indeed it cannot operate alone even within a given country. It is not only the case that a market-inclusive overall system can generate very distinct and different results depending on various enabling conditions (such as how physical resources are distributed, how human resources are developed, what rules of business relations prevail, what social security arrangements are in place, and so on), but also these enabling conditions themselves depend critically on economic, social and political institutions that operate nationally and globally.

As has been amply established in empirical studies, the nature of the market outcomes are massively influenced by public policies in education, epidemiology, land reform, micro-credit facilities, appropriate legal protections, etc., and in each of these fields there are things to be done through public action that can radically alter the outcome of local and global economic relations. It is this class of interdependences which we have to invoke and utilize to achieve greater prosperity, more equity and fuller security.

Indeed, there can be a very positive role for the critical voice that the protest movements provide, but the voice has to aim at real problems, not phantom ones. It is certainly true that global capitalism is typically much more concerned with expanding the domain of market relations than with, say, establishing democracy, or expanding elementary education, or enhancing social opportunities of the underdogs of society. Mere globalization of markets, on its own, can be a very inadequate approach to world prosperity. In keeping that recognition constantly in the focus, scrutiny and protest can play a constructive part.

## 6

The injustices that characterize the world are closely related to various omissions and commissions that need to be overcome, particularly in institutional arrangements. Global policies have a role here (for example in defending democracy, and supporting schooling and international health facilities), but there is a need also to re-examine the adequacy of global institutional arrangements. The distribution of the benefits in the global economy depends, among other

things, on a variety of global institutional arrangements, including trade agreements, medical initiatives, educational exchanges, facilities for technological dissemination, ecological and environmental restraints, and fair treatment of accumulated debts, often incurred by irresponsible military rulers of the past.

In addition to the momentous omissions that need to be rectified, there are also serious problems of commission that must be addressed for even elementary global justice. These include not only inefficient as well as inequitable trade restrictions that repress exports from the poorer countries, but also patent laws which can serve as counterproductive barriers to the use of life-saving drugs - vital for diseases like AIDS - and can provide inadequate incentive for medical research aimed at developing non-repeating medicine (such as vaccines).

Another global "commission" that causes intense misery as well as lasting deprivation relates to the involvement of the world powers in globalized trade in arms. This is a field in which a new global initiative is urgently required, going beyond the need - the very important need - to curb terrorism, on which the focus is so heavily concentrated right now. Local wars and military conflicts, which have very destructive consequences (not least on the economic prospects of poor countries), draw not only on regional tensions, but also on the global trade in arms and weapons. The world economic establishment is firmly entrenched in this business: the G-8 countries have been responsible for more than four-fifths of the international export of arms and armaments for many years. Indeed, the world leaders who

express deep frustration at the irresponsibility of anti-globalization protesters, lead the countries that also make the most money in this terrible trade.

## 7

If there is some difficulty in seeing that justice is being done in the global world, this is not just an optical illusion. There is need for more participation in forging (as the General Assembly noted last year) "greater coherence in order to advance the internationally agreed development goals, including those contained in the United Nations Millennium Declaration." In addition to the detailed articulation of the basic rights that people can be seen to have as a part of global justice, the Millennium Declaration, which - we must remember - went far beyond the Millennium Development Goals (on which attention is too exclusively heaped in some discussions), presented a powerful case for "democratic and participatory governance based on the will of the people." The Secretary-General's Report which is being presented here draws on this overarching understanding.

This is indeed a big understanding. The task of global justice is a shared responsibility. It is a constructive exercise that calls for many distinct economic, social and political reforms, including (as the Report makes clear) "tangible progress....in enhancing the participation of developing countries in international economic decision-making." If the interchange of commodities is important (as it certainly is), so is interaction of minds. The market mechanism is as good as the company it keeps.