A New Map of the World

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Core words and concepts informing understanding of international relations are laden with contested ethical freight. From a British perspective there has been a sequence of key words during the last century: British Empire, Cold War, and now Globalisation. They give labels to historical periods and tell different moral stories for different groups of people. Their definition itself is a terrain of political, historiographical, struggle.

The multi-vocal concept "Globalisation" trumps them all in its variety of meanings and connotations. One succinct definition of globalisation is "the process and policy of developing a global economy such that its units are all interconnected in time and space". I cannot pretend it does not smuggle in some values, for example, the overriding importance of the economic dimension of human life – problematic in itself but, at least, it cuts to the quick. For economic theory and language "interprets and constructs" a world in much the same way as the most significant accounts of globalisation. The economic world and the global economy are based on an underlying belief in rational self-interest, not co-operation or solidarity.[1]

Today's globalisation is both old and radically new. The development of interconnected societies, foreshadowing this progressive "worldwide" integration of national economies, did not begin a few decades ago with the microchip. For example, by 1900, at the apogee of European imperial outreach, a major wave of economic expansion was in full swing. This was boosted by investment within territories politically controlled by the imperial centre in London, at the nub of wider linkages to other national economies controlled by British capital. It created a modern, open and integrated system for trade in agricultural products and in the new industrial commodities.

The dominant power of the nation-state had become the dynamo generating a complex international economy. From 1870–1914 trade expanded at an average rate of 3.4% per annum and the share of British wealth invested abroad rose from 17% to 33%, though more of this investment was outside the Empire than within it. Economic expansion was accompanied by a prodigious movement of labour out of Europe, some 36 million mainly economic migrants moving to the

[1] P.Riordan, *A Politics of the Common Good*, Institute of Public Administration, Dublin 1996, pp. 6–10.

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USA. The key commodities: cotton, sugar and coal were now being carried around the world by new *industrialised* means of transport, in steamships. As today, trade increasingly depended on effective means of fast, real-time communication, the intercontinental telegraph and telephone.

The recent wave of globalisation is distinguished from this and a first major wave of proto-globalisation in the late 18th century by the predominant role of the multinational corporations in global trade and in the importance of financial flows in dominating economic outcomes. The last two decades have seen the "financialisation" of the global economy as more and more attenuated derivatives of money and capital circulate in cyberspace.

For much of the 20th century, globalisation retreated as countries withdrew into isolationism or limited blocs in the face of economic adversity, while totalitarianism and two major world wars fragmented the global economy. However, under the direction of the USA, acting as the new quasi-imperial power, the process of globalisation re-established itself towards the end of the 20th century. The global economy today is a complex interaction of nation-states, the market and multinationals, fuelled by cheaper and faster transport and communications.

But it needs to be emphasised that this global interconnectedness has not only an economic dimension but involves other important impacts on diverse cultures each of which is adapting to the new information age by integration, reaction or simply neglect. Such impacts are no less important than economic changes of which they are a sub-set.

Perhaps the most important contemporary reaction of threatened cultures, as they attempt to build up their defences against externally controlled change is what is usually dubbed "fundamentalism". A clash of worldviews with their distinctive moral and religious underpinning, as, for instance, between the different "fundamentalisms" displayed in Saudi Arabia and middle-America, pre-occupies international relations today.[2] But other more subtle cultural differences have also to be taken into account because of the scale of their impact. Japanese, Korean, Indian and Chinese business cultures, far from fundamentalism, also have an important influence on the global economy. In the global marketplace, numbers count. So do war and terrorism.

The recent waves of globalisation have relied on technological change in the communications revolution, and business reorganisation, designed to cut labour costs, with their attendant effects on productivity growth. This has been responsible for much of Britain's economic growth. There is a delicate balance. Though innovation is central to

[2] I.Linden, *A New Map of the World*, DLT, London 2003, pp. 106–116.

the maintenance of competitiveness, if productivity gains exceed growth in output, unemployment results. There is clear hardship where production and therefore jobs have been exported as production changes, as for example in textiles or in the service sector, as in the case of many corporate call centres moving outside the UK. The challenge is to generate desirable new products and services at a competitive price while sustaining the skills and employment of a dwindling labour pool; easier said than done, and hardest on the poorest.

The consequence of this challenge not being met by nation-states is that growing inequality is the most striking feature of the global economy. And in the rich world, the nation state is still the chief arbiter of its peoples' fates despite the pressures of globalisation. The rich nations trade overwhelmingly among themselves. This means in practice that many countries in sub-Saharan Africa are almost bereft of productive investment, the benefits of equitable trade and the advantages of insertion in the global economy such as the transfer of technology. This is largely because civil conflict, bad governance and corruption, the economic consequences of HIV/AIDS, plus a limited range of primary commodities, make these countries unattractive to corporate and private investors, companies and entrepreneurs (save in high value extractive industries). Moreover the failure of these economies to diversify out of primary commodities has had dire consequences. The combined price index of all primary commodities fell by 53% between 1997–2001; in other words, it required double the volume of exports in 2001 to earn the same amount of foreign exchange earnings as in 1997.[3]

The same features make it virtually impossible for most of the least developed countries to benefit from the trade opportunities opened up by the global market. High transaction and transport costs – it costs three times less to freight goods over the same distance between OECD countries than between "third world" countries and the OECD – poor infrastructure, limited access to credit and financial services and an uneducated workforce with poor health, all discriminate against entrepreneurs in these countries who try to take advantage of preferences and opportunities.

Such countries need the amount of aid that would be available if our national international development budget represented 0.7% of the UK GDP, corresponding with a far more rapid process of substantial debt reduction. They need it most immediately for social safety nets and investments in education, infrastructure, and health as they attempt to transform their economies. A guaranteed International Finance Facility of $50 billion per annum until 2015 in order to make possible the Millennium Development Targets is commendable provided it is in addition to these other vital measures.

[3] HM Treasury & DTI, *Trade and the Global Economy*, HMSO May 2004, p. 69.

Meanwhile, the processes of change that make all nations more productive, and thus materially richer, bring with them transitional pressures which can be damaging to the precarious lives of the poor in traditional industries and in agriculture in both poor and rich countries. Schumpeter's phrase "creative destruction" preceded the present phase of growing global prosperity; nonetheless, the destruction side of the equation is often more evident to the poorest than the creative. Worse deprivation may occur within a rich country than in a poor one; Amartya Sen's comparison of the life chances of a cohort of black American men compared with those of many poor people in China and Sri Lanka provides a striking example. For this reason the division of countries into "low income" and "middle income" can be thoroughly confusing. By aggregating income data, South Africa, for example, is taken as a "middle income" country though the vast majority of its people are poor with only a small minority rich, and relatively few have "middling" incomes.

For some, including some of the poorest, globalisation carries in its train much more new hardship than the much touted promise of future well-being as a reward for economic orthodoxy. To use the old English phrase, it brings to some of the poorest more "woe than weal", more poverty than wealth.

Amartya Sen has a useful account of human development as the nurturing of human capabilities: being able to *do* more.[4] But for a large number of people, the changes resulting from globalisation shut off avenues of opportunity and leave them isolated or marginalised. In short, globalisation by itself creates neither a commonweal (or a common-wealth), nor the pervasive social well-being implied in the term the "common good". It produces aggregate economic growth which is another matter altogether. In the words of Monsignor Diarmuid Martin, speaking in 1998 to the United Nations Economic and Social Council on behalf of the Delegation of the Holy See, "the basic criterion for evaluating the process of economic globalisation is how far it helps strengthen and reinforce the *primary global reality*, namely, that humanity consists of one global human family, of which all are members with equal rights to access to the goods of creation, for which all bear responsibilities of solidarity".

The majority of the world's poor people, though, are not the poorest of the poor; and they have an intermediate experience of globalisation. China, India, Indonesia and Brazil have all achieved an impressive degree of growth and a degree of poverty alleviation. The balance sheet worldwide of 60% winners (about 3 billion people in 24 developing countries) and 40% losers (about 2 billion people in sub-Saharan Africa, the Middle East and North Africa, Eastern Europe and the former Soviet Union), with 10% big-winners and

[4] A.Sen, *Development as Freedom*, Oxford 1999.

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10% big-losers, reflects this reality. The strategies of the developing countries which have achieved "take-off" have been largely those of market-orientated, urban, commercial development. As a result, the world is already more than 50 percent urban, and there are now many cities of more than 10 million people. Thus urbanisation is one of the central cultural features of the new globalisation as migrants are drawn into successful productive "nodes" of the new network society. Some cities have become "global centres" with a high concentration of affluence, skills, technology and productivity, alongside an expanding penumbra of poor migrants, with crime burgeoning at the interface.

This process would still be under way even if the pace of globalisation had not been accelerating since the 1970s. But much of this urban development has been created in the wake of recent changes in the global economy. A majority of the poor in these new urban commercial societies has yet to see the benefits of this transformation, and many of them are at present its victims. But the ruling elites of these societies, and the larger constituencies of the successful who control them, have powerful interests in the expansion of this process. These interests are expressed internationally through the major inter-governmental bodies and are led by the unparalleled power of the United States (and, to a lesser extent, the European Union) in structuring the global economy in its interests. The sometimes ruthless projection of this power is often seen by its victims as the core component of globalisation. It is deployed both as "hard power", military strength, and in the velvet glove of "soft power" in international bodies that get people to want what the USA wants, most particularly in the realm of political economy.

Many other poor nation-states and their citizens have little to gain and much to lose from these changes. For them, the nation-state has little power, or what power it has is predatory, and they are trapped between the impotence of the local, and the apparent omnipotence of the global. The small proportion of world trade that includes the poor of the world is usually biased adversely against these poor nations. They have few urban generators of wealth and produce only commodities whose revenue value is declining, largely as a result of measures taken by rich countries, such as subsidies for agriculture and forms of protectionism, despite an apparent commitment to liberal economics.

A striking contemporary example of this stark absence of a "level playing field" is Africa's difficulty in marketing its cotton. Not only does cotton production employ ten million Africans, but it has been one of the few means of stimulating "linkage" to new industrial development open to African nations. Factory production of cooking oil, animal feeds and soap from cottonseed arose from an agricultural base in the desert-edge nations around the Sahara. But Africa has

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been and is still facing intense competition from cotton producers around the world who, to a remarkable degree, are directly subsidised for the cotton that they produce.

Farmers producing cotton in the USA and Europe during 2001 received government subsidies of 1.21 Euros and 1.49 Euros respectively per kilo of cotton, according to a report in *Le Monde* of 22 June 2002. The level of subsidy was 25% and 50% *more than the sale price of a kilo of cotton* which traded at around 0.95 Euros. So European and particularly US farmers have a spectacular advantage in the market. Put in context, USDA statistics published in April 2004 showed that Africa was responsible for about 10% of estimated global cotton production in 2002/03 (down from about 15% in the late 1990s) and contributed about 20% of total exports. In contrast, the US accounted for 20% of world production in 2002/03 and 39% of exports, while the corresponding shares for the EU were 2.4% of production and 4.5% of exports. Not surprisingly, what Africa has been able to earn from the price of its cotton on the world market has dropped threefold in real terms over the last thirty years as the continent faced the additional problem of synthetic fibres flooding the market and reducing demand.[5]

It might have been expected that after the advent of the World Trade Organisation (WTO), with its principle of the level playing field, subsidies for cotton would have begun to drop in line with decreases in direct subsidies to food crops. But not so: while 50% of world cotton production received direct subsidies in 1998, subsidies were given on 73% of production in 2001. Today the $300 billion spent on *subsidies* to agricultural producers in the richer North compares to a grand total of $54 billion given in *aid* to the South, much of it tied to production in the North. At the G8 meeting at Evian in 2003 the US refused to concede any ground on its payment of £1.8 billion equivalent per annum in hidden subsidies to its 25,000 cotton farmers. Despite this, African cotton, as shown by its market share, has struggled to remain competitive – at the expense of the producer.

There is, then, a strong element of hypocrisy in the avowed commitment of the USA and the European Union to Africa's development. Their trade policies have blocked promising avenues for rural development amongst their weaker competitors. "Globalisation" must be made to rectify this damage. But the planned rate of removal of tariffs on key Third World exports such as agriculture, textiles and footwear is much slower than that on the industrially produced goods of the OECD. Whether it is citrus fruits, aluminium or steel, when push comes to shove, neo-liberalism gives way to protective tariffs designed to consolidate votes in key sections of the electorates of the

[5] I.Linden, *A New Map of the World*, p. 63f.

North. Here is a major injustice and a practical problem for the North: the partly enforced poverty of the South excludes people from the opportunity to increase global prosperity by taking away their capability to engage in international trade. Further, by denying opportunities to the poorer South in this way, the North is stunting the growth of potentially large markets for its own exports and capital investment. To use economic language, protection is very inefficient and the North's manipulation of the market heightens the impact of poverty globally. To use religious language, this manipulation is structural sin.

The most critical area of this protection is, of course, European and US agriculture. The Common Agricultural Policy (CAP) was designed to give Europe food security in the post-war years but it dramatically distorted prices and production through subsidies on a range of crops. The European Union, for example, has 135 tariff lines charging over 15% and 600 charging 10–15%. Many of these are on "labour intensive" products from low-income countries. Escalating tariffs on goods according to the degree of processing (cocoa into chocolate, for example) are particularly pernicious because they block efforts by the least developed countries (LDCs) to move into industrialisation via agro-processing. The Treasury and DTI calculate that the industrialised world's support for agriculture is currently a staggering $300 billion. The Common Agricultural Policy alone costs citizens of the European Union E50 billion, plus E50 billion in consumer costs for higher food prices. Reform of the CAP has been slow and gradualist, despite laudable pressure from the British government, owing to entrenched opposition from powerful farming lobbies, mainly large farmers drawing large sums of money from the European common purse for high production levels. This opposition has been reflected in the positions taken by the ruling political parties. But now agricultural protection is being gradually reduced and a more holistic approach is beginning to prevail involving concern for the environment and the wider rural economy. However, this is too slow for unsubsidised poor farmers around the world who have to face the competition of cheap subsidised agricultural products, or the price distortions of large-scale farm support. The proclaimed liberalisation of the global market remains a sham as far as agriculture is concerned and both small European farmers and unsubsidised "Third World" farmers are being driven off the land.

One major question for Europe raised by these disparities in wealth and productive capacity is that of inward migration. In fact surprisingly tiny proportions of the world's population move from poor to rich countries, and when they do it is often with the help of criminal gangs. Yet this movement generates a flow of xenophobia and racist sentiment, which is easily manipulated by unscrupulous politicians and the Right-wing tabloid press. In liberal economic theory the free

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movement of labour is a corollary of the free movement of goods and capital. Historically, the process has been unregulated, and at one time was from rich to poor countries. But the rich now feel threatened by migration from poor countries, however irrational this fear is. The just regulation of trans-border movement is a pressing issue for European governance, even more now that the "War on Terrorism" heightens anxieties and demands a courageous rejection of chauvinist and populist sentiment. For the aging populations of Europe, which are not replacing themselves because of low birth rates, there are cogent arguments for encouraging immigration, even if the current demand for unskilled labour is dropping.

The global economy operates according to an ideology of development: that the market is good at allocating scarce resources and is thus good for poor people. But it has to be properly regulated for this to correspond to reality. In the words of Pope John Paul II, "Now that commerce and communications are no longer bound by borders, it is the universal common good which demands that control mechanisms should accompany the inherent logic of the market. This is essential to avoid reducing all social relationships to economic factors, and in order to protect those caught in new forms of exclusion and marginalisation" (Address to the Pontifical Academy of Social Sciences 25 April 2001).

This principle is not simply yet another fiat being handed down from North to South. Indeed many of the Asian countries have resisted pressures to conform to inappropriate prescriptions for growth and Asian states have instituted control mechanisms to insulate their economies to some extent from international market forces. Indonesia now pursues the path of Malaysia; China follows that of Japan, Korea, Hong Kong and Singapore, and they have done so despite the prescriptions of the international financial institutions dominated by the USA. In some instances excessive insulation has permitted some of the resulting prosperity to be frittered away by poor corporate governance, leading to subsequent painful reform, but generally this approach has succeeded.

Nonetheless, the "soft power" of the USA and the attraction of the fruits of the Western political economy has led, with a few exceptions, to an erosion of quests for more radical, egalitarian and democratic alternatives. Some of the ephemeral, though innovative thinking in People's Global Action and the anti-globalisation movement cannot disguise a weakening of solidarity world-wide as individuals are encouraged to pursue their own material interests on the assumption that a rich, cosmopolitan lifestyle is available to all. As COMECE, the Commission of the Bishops' Conferences of the European Community states: "Solidarity is central to organising and strengthening the very fabric of the world economy, which is now 'one' in a real sense. For industrialised countries, global solidarity

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does not simply mean sacrifice of the superfluous, it means dealing with vested interests and entrenched power structures, with life-styles and models of consumption".[6] This emphasis on the need for structural change as well as personal change, and the removal of structures of injustice, goes back to Pope Paul VI's thinking on international development contained in the 1967 document *Populorum Progressio*, which emphasised the importance of fair trade and adequate aid. Change is thus necessary in at least four areas.

Working for global justice: four areas for change[7]

First, regulation of corporate power.

The governments and people of poor countries need internationally acknowledged legal rights in order to challenge the activities of subsidiaries of multinational corporations in their countries. Multinational corporations are often able to behave in world markets in ways that would be illegal in their own nation states. The arena for discussion of these issues is the World Trade Organisation. But the powers of the WTO need to serve the poorer majority of its members rather than, as at present, the richer. Western consumer pressure is an important part of the Christian vocation to achieve this change. Pressures for stocking "fair-trade" items in supermarkets have begun to take effect and are an important means of bringing this about.

Second, the regulation of global capital flows.

The new world economy creates great instability through large unregulated and short-term capital flows. This has affected the newly industrialised economies of S. East Asia – Thailand, Malaysia and Indonesia; and elsewhere, for quite different reasons, Mexico, Argentina and Turkey. Contraction of the older S. East Asian economies caused by precipitate capital flight has affected employment prospects in vulnerable areas of the UK. However, from an economic perspective, the mobility of international capital is an important discipline against poor or corrupt corporate and national governance, which can sometimes flourish in overprotected economies. Global means have to be sought to anticipate these crises, and to ameliorate them when they occur. There has already been progress in improving national economic policy-making, and corporate and financial regulation, as well as developing better co-ordination among regulators, but good economic management will also entail national restrictions on short-term

[6] COMECE, *Global Governance*, 2001, p. 25.
[7] These proposals are based on those cited in COMECE, *Global Governance*.

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capital movements at times of crisis. Forms of regulation that restrict capital flows to the world's poorest defeat the object. Properly managed, productive forms of investment create a huge opportunity for the poor and are essential for the future of Africa, at present starved of capital and investment.

Third, the reduction of rich-country protectionism.

US policy currently flagrantly breaches its proclaimed free trade principles in extending subsidies, particularly in agriculture. Such measures simply follow the pattern institutionalised over half a century in Europe through its Common Agricultural Policy. This undercutting of agricultural production in the least developed nations is scandalously unjust. The abolition of these malpractices will have serious medium term effects in the US and in Europe on many poor people, particularly small-scale farmers, who should not be treated like the British miners. Compensatory action in countries in which this occurs will be required that is not market-distorting and does not disguise subsidisation in another form of payment. The World Trade Organisation is the body with the powers to regulate and penalise these breaches. The Churches should exert prudential judgement on what is an outstanding issue of the common good and stand on the side of the poor world, even to the short-term detriment of their own faithful in the rich world.

Fourth, the encouragement of good governance in poor countries.

Integral human development is impossible in countries whose governments are not interested in implementing pro-poor policies. Many of the world's poor suffer within kleptocracies and failed states. It is impossible to develop societies based on commerce without fostering the commercial virtues and institutions without which their political economies become grossly inefficient, oppressive and inhuman.

Such changes form part of the structural basis for an option for the poor globally. But, if the Churches are to bring the good news of solidarity to the poor that globalisation does not necessitate more "woe" than "weal", that changes can and must be made, it has to be asked whether the life and structures of the Churches adequately reflect this commitment. For the primary question being asked by the Churches today – or at least what occupies the energies of their leaderships – is not how must we be and how must we act if we are to be faithful to the task of bringing the Good News, but how can we maintain our parochial, denominational and national structures and personnel. In this way the Christian development agencies look like an appendage grafted on to the Body of Christ, and their advocacy becomes something of an alibi. So, alongside the critique

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of government set out above, must come a question, as a matter of integrity, to ourselves, to the Churches. What comes first? Do we fit our task, our mission, into structures inherited from the past, or do we adapt the structures to fit the new task and the new mission? For it may be argued that the contemporary phase of globalisation heralds an epoch-making change in how we live and interact in the world, no less important than the advent of industrialisation, and the Churches would be grossly misled in believing they can respond to this reality with only minor adjustments.

The Global Common Good: Instruments of Change

So does the Church have the resources to challenge and confront contemporary globalisation on behalf of the poor? It is a worrying precedent that it took a long time to elaborate an authoritative response to the epoch-making changes of industrialisation and Marxism in the 19th century. In my recent book, *A New Map of the World*, the argument is rehearsed that discourse about secular human rights is not an adequate ethical framework for this task. The problems inherent in human rights discourse today require revisiting Aquinas and virtue ethics to rediscover a conceptual framework capable of dealing with globalisation in the 21st century. The task for Catholic ethics is to fill out a vague, "thin" concept of the common good beyond the limits of a discussion about justice in the liberal nation-state in order to regain a concept of an "economics of enough" and the responsibilities that come with superfluous wealth.

The contemporary ethical crisis, identified by Alisdair MacIntyre in *After Virtue*, formed the background to these suggestions. Patrick Riordan, though, in his fascinating book *A Politics of the Common Good* scrutinises MacIntyre's distinction between internal and external goods in human practices. MacIntyre suggests that only the former can be common goods. Riordan argues cogently that the liberal state and its institutions are not to be rejected because they are devoid of "internal goods" and thus outside the realm of virtuous action (a position implicitly taken up by the anarchist wing of the anti-globalisation movement, rather than the Third World Left) for "the common good of people cooperating in practices is not necessarily confined to internal goods, but includes the institutional means which sustain the practices".[8]

This is an interesting way into the reformist ethics needed for contemporary action for justice. But how does Riordan's emphasis on institutions play out internationally, for example, within the United Nations, the WTO, IMF and World Bank? How does it help in the preservation of the global commons?

[8] P.Riordan, *A Politics of the Common Good*, p. 63f.

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At first sight not very much. Compared to the state's National Health Service and education system, which demand and embody virtues and internal goods, international bodies with nation-state membership appear to be a terrain of negotiation of national interest in smoke filled rooms. However, this is something of a parody of their functioning and neglects the human diversity in them. There are international civil servants in the WHO and UN secretariat or WTO committed to the global common good, working alongside place-men and ruthless careerists. The blanket contempt for these institutions shown by many NGOs and the more amorphous People's Global Action ironically plays into the unilateralism of the US neo-conservatives.

Alongside the street demonstrations there has to be the "long march through the institutions". The building of ethical global governance cannot be abandoned because of the uninteresting discovery that elites and leaders are often corrupt and sinful. Reform of international institutions is urgent. The challenge is to integrate global civil society into this process with its own conversation about the future – globalisation from below. While Rowan Williams' 2004 speech to the United Nations may have sounded naïve in underlining the importance of this vision, it surely pointed the way forward. NGOs offer a unique ethical space for the formation of virtue and innovative thought, and for this reason they are a potentially important instrument of the global common good.

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