

Economic Justice in a Flat World: Christian Perspectives on Globalization

Steven Rundle, ed. 2009. Colorado Springs, CO: Paternoster. ISBN 978-1-93406-849-6, \$24.99 (paper).

Reviewed by Robin Klay, Hope College

Apart from its study by professional economists, globalization is often a target for moral outrage joined with calls for drastic action. This book offers readers the wherewithal to understand the basic nature of globalization. To this understanding it adds important discussion about what many consider to be the moral failures of global markets. Representing both Catholics and Protestants, the authors bring perspectives on globalization that are compatible with Christian norms of justice and suited to the real (not the ideal) world. Readers will feel challenged to choose wisely among their options for personal engagement with efforts on behalf of economic justice.

Economics can be dry and difficult. In the first chapter (“Catholic Social Teaching, Markets, and the Poor”), Michael Novak exhibits his gift of calling attention to the life of the human *spirit* at work in markets.

Novak surveys Catholic social teaching, particularly that of Pope John Paul II, in which markets are affirmed because they are suited to the nature of human beings. Made in God’s image, humans are creative. While defense of markets is often based on the primacy of individual liberty, Catholic teaching holds that God created “persons.” Humans have two God-given characteristics, when compared with other living beings. First, each person has a unique responsibility for his or her actions. Second, God endows humanity with a valuable diversity of minds, spirits, and bodies.

In chapter 2 (“Who is My Neighbor?”), the strongest statement made by theologian A. Sue Russell appears in the last sentences. She writes: “We do not get to choose who our neighbors are; we just need to respond when God brings them our way.” This conclusion follows from her exploration of the parable of the Good Samaritan. Globalization makes the entire world potential neighbors, especially the poor living in Third World countries.

Those wanting a Biblical view of obligations to the poor will find good teaching here. Russell draws on biblical examples from the law, the prophets, and the New Testament. Christians must embody God’s love for all, especially those who are *hidden* from us by distance, culture, or economic position. Through modern communication technologies they have become *visible*. Rather than prioritizing obligations, Russell asks readers to open their hearts to the *particular* neighbors whom God calls them to serve.

Russell also urges support for efforts helping marginalized people

to “rise from being merely recipients of the benefits to becoming full participants in globalization” (p. 68). She affirms that increased access to education, health care, and technology are keys to making this possible.

In Chapter 3 (“Moral Values and the Rules of International Trade”), Daniel Finn describes the function of moral values and *rules* (laws) that set boundaries around self-interested market behavior. For example, laws rule out markets in human beings and hand grenades. Finn points out the error of assuming either that: (1) all self-interested market behavior is legitimate, therefore requiring no regulation; or (2) all self-interested market behavior is morally suspect and in need of government direction.

By applying Christian criteria for justice, Finn argues that Christians should advocate for international agreement on rules to prevent the worst abuses of self-interest in global commerce. He emphasizes the importance of expanding international trade for raising the productivity and incomes of Third World people. He argues for rule changes to enhance their benefits from trade, using the Generalized System of Preferences (GSP) as a positive example. My reading of the literature suggests that the hoped-for benefits of GSP far exceed the results. Finn considers the moral and practical rationale for trade negotiations to incorporate protection of environmental and labor standards, culture, and human rights. The moral case for restrictions on trade for the sake of worker rights or environmental sustainability is strong, but my sense is that the prospects for political processes leading to fair rules are dim.

Finn favors expanded assistance for workers dislocated by trade. He does not mention that designing an effective and just benefit expansion is difficult, given increased tax burdens on the near-poor, and potential disincentive effects on workers to adjust quickly to changing competitive environments. Since moral gains through global rule changes can be complicated by political and economic reality, Finn urges Christians to make prudential judgments, not just engage in moral outrage.

Stephen Smith does a masterful job of describing foreign direct investment in chapter 4 (“Foreign Direct Investment—the ‘Monster’ Revisited”). He mentions various types of FDI—in extractive industries vs. services—identifying what makes each type attractive to some companies. After reviewing economists’ main findings regarding the impact of FDI on Third World countries, Smith summarizes the generally positive effects. Critics tend to evaluate FDI in terms of *distributional* justice. Instead, Smith says, FDI should be recognized for its capacity to raise living standards by making people more productive.

In chapter 5 (“Welcoming the Stranger?”), Brad Christerson gives an overview of the immigration debate, answering those who mistakenly believe that immigrants raise unemployment rates and impose fiscal burdens upon the receiving country. Where there are adverse effects,

justice warrants the use of tax credits to encourage vulnerable workers to get more education, thereby opening up higher-wage possibilities. Christerson argues for policy changes to raise the limit on the number of immigrants and to introduce better controls on illegal immigration. He affirms the Christian duty to look out for strangers in their midst.

With his usual clarity, J. David Richardson in chapter 6 (“Offshoring and Worker Migration”) shows readers that international movements of goods, capital, and people are substitutes for each other. This is a key concept for citizens and policy makers to grasp. Otherwise, they may not realize that immigration creates gains for participating countries not unlike expanded trade. They may also irrationally disapprove of international outsourcing of services, while acknowledging the value of businesses *outsourcing* to domestic firms.

Christopher Barrett provides an engaging summary of the history of aid and its evaluation as a tool for development in chapter 7 (“Foreign Aid, Development Strategies and Poverty Reduction”). This leads him, quite naturally, to recommend that Christians focus on bottom-up assistance, aimed at creating incentives for recipients to design their own solutions. This approach has the virtue of recognizing the role of human agency, without which development cannot be sustainable.

Roland Hoksbergen’s chapter (“Transformational Development”) is inspiring. Based on Partners Worldwide’s work with small- and medium-sized enterprises, he paints a picture of transformation made possible when entrepreneurs are mentored. Incomes rise and jobs are created as entrepreneurs are liberated for service through a compelling vision of their work as a calling from God. Here is a powerful encouragement for readers to collaborate with similar efforts—having an impact on the future, one community at a time.

Julius Oladipo describes many roles the church does, or should, play in poverty reduction and development in Africa in chapter 9 (“The Role of the Church in Poverty Alleviation in Africa”). They range from promoting political and economic reform to setting up rural savings and credit systems. What the chapter lacks is consideration of limits to the church’s calling when it proposes to do many things for which it lacks competence. African church partnerships with international funding agencies and local governments can tarnish the reputation of the church, if poorly executed. Oladipo’s optimism contrasts with warnings in other chapters that debt relief and *fair trade* may not deserve Christian support.

In chapter 10 (“The International Financial System: The Good, the Bad, and the Ugly”), Stephen Smith does a remarkable job of clarifying the roles of international financial institutions and policy choices that countries must make regarding the relative importance of free capital flows, stable exchange rates, and independent monetary policy. He provides helpful

historical perspectives on these matters, and on current crises. Smith charges critics of international financial institutions with unfairly ignoring the importance of good governance and macroeconomic stability for improving the lives of poor people. Critics also seem not to appreciate the risks involved in international finance. Smith urges Christians to exercise the virtue of prudence. Thus, a government that chooses increased financial integration, along with efforts to reduce risks, exercises its God-given responsibility “to be faithful stewards of the national household” (p. 267).

In his brief chapter (“Christian Values and the Case Against Financial Globalization”), John Tiemstra makes the case against financial globalization. He describes some general concerns about financial globalization: first, the vulnerability to unstable global financial markets, as in the present crisis; and second, the loss of macro-policy independence. To these, Tiemstra adds cultural diversity, business practices, and asymmetric information.

When capital is globally mobile, governments are prevented from opting for their own culturally accepted ways of evaluating business success and handling risk. For example, personal relationships dominate the allocation of finances in some cultures, making the risks of default lower because the parties know each other well. Breach of contract may be less likely because shame and other forms of direct retaliation are available. Some cultures favor this approach over the western use of contracts, backed by collateral, with resort to the courts to settle disputes. This chapter will be especially interesting to those who believe that business success should be measured with the “triple bottom line,” instead of focusing solely on short-run financial returns.

Judith Dean provides an excellent review of the literature on pollution havens in developing economies, including findings in recent studies done by the author herself, in chapter 12 (“Trade Growth, Environment, and Poverty”). It should help Christian students of economics see complementarities between economic research and Christian concern for the poor. It may also encourage some economics majors to follow in Dean’s path of high professional excellence.

Donald Hay provides a straightforward summary of recent studies regarding climate change—its costs and remedies—with a strong connection to the Stern Review in chapter 13 (“Global Climate Change and the Churches”). Hay urges Christian families and churches to reduce their carbon footprint. He argues that the expected greater impact of global warming on poor nations, along with the Christian duty of stewardship over creation, urgently require action.

The final chapter (“Economic Growth: Is More Always Better?”) is by Bob Goudzwaard. He wants modern societies to shift away from making output growth their priority to emphasizing the “*condition* of inputs”

(p. 339). Goudzwaard offers “Torah economics” as a healthy example, because it prohibited the sale of land in perpetuity and protected workers from poor treatment. For those who want to explore alternatives to market growth by encouraging “enoughness,” this chapter is a good beginning.

I recommend this book highly for use in college courses on economics (especially international economics), political science, and ethics. The fact that it is written by Christian economists adds genuine value, but does not detract from the book’s potential use in secular settings. The chapters offer good balance. Most authors come to the conclusion that globalization is essential for justice, but do so in a nuanced way, carefully reviewing the economics literature and acknowledging alternative arguments. Other authors believe that the potential for adverse effects should moderate global pursuit of free movement of goods and capital. One would be hard pressed to find any—Christian or secular—book about globalization that offers such a professional and accessible treatment of the subject. ■