Social Responsibility in the Age of Globalization

The world’s economic and cultural scene has become increasingly dominated by a truly revolutionary process of globalization which is leaving both gainers and losers in its wake. It has beenabetted by the rapid rise in financial flows, both short and long-term, the dynamic growth of trade and the increase in telecommunications and other technologies. Progressive integration of the world economy has been accompanied by increased economic growth. The developing countries, after overcoming the adverse impact of the debt crisis in the 1980s, have often been the locomotive of the global economy. China has emerged as a major economic power, while India is likewise poised to become a strong economic player on the world scene. Among the industrial nations the U.S. economy has been a star performer, enjoying a long period of growth, without much inflation and with unemployment dipping below 5%.

But against these favorable trends globalization is presenting new problems in the fight against poverty. It has intensified inequality in income and wealth. Governments, especially of developing countries, have less control over their national policies, although they are responsible for conducting fiscal policies and safeguarding the poor against global forces. The astounding growth in private capital flows has benefitted many developing countries, mostly in Latin America and East Asia, but has bypassed the poorest regions. Much of Africa subsists outside the global system, although many African nations are now starting to experience more healthy growth. Global forces often trample on the rights of workers and the interests of communities. And most poor people lack the education to participate in technological growth which in fact leaves most of the poorest regions untouched. Often massive migration in the global economy can impose severe social strains and intensifies competition among poor workers.

Thus globalization has had both beneficial and adverse effects. It seems best to realize that globalization is here to stay, to pinpoint the moral dilemmas it poses and to probe what measures can be taken to counteract its adverse effects. That is exactly what the May 1997 Milwaukee conference sought to do.

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Editors’ Note
The conference “Social Responsibility in the Age of Globalization” was held to celebrate the tenth anniversary of the pastoral letter of the U.S. Catholic Bishops: “Economic Justice for All: Catholic Social Teaching and the U.S. Economy” (EJA), the most comprehensive church document dealing with justice in the American economy. It was organized by Rembert Weakland, Archbishop of Milwaukee, the principal author of the pastoral, and Jim Hug S.J., director of the Center of Concern, a Washington-based social action group which was also celebrating an anniversary, its 25th. Attended by a wide variety of theologians, ethicists, social activists and teachers, economists, business leaders and labor experts, the conference focused on the ethical consequences of global developments that had occurred since EJA. Discussion of widely diverse positions on policy was facilitated by advance preparation of papers by the organizers and participants on critical issues, and the shared conviction that attention to poverty deserves top priority.

In his opening address Archbishop Weakland stressed that the analysis of the U.S. economy and the ethical arguments in EJA did not need to be updated, but that instead it was desirable to focus on global issues that had emerged since EJA had been prepared.

Conference participants shared broad-based agreement on a variety of critical issues. Without being able to cover all points, we might mention for example:
- The urgency to counteract the growing gap between rich and poor. The Judeo-Christian community envisages that primary action must be taken by the private sector and at the local level, with the government stepping in when others fail to act appropriately.
- The need for debt relief and the additional case for a jubilee of debt forgiveness in the year 2000. At the same time new finance should be extended on concessionary terms to the weakest nations, while steps must be taken to forestall the kind of reversal experienced by Mexico in 1994–95.
- A commitment to work for a global economy which respects racial and cultural differences and promotes equity and equality for all peoples.
- The essential role of the family in a healthy economy and a caring society, greater equality for women and men in economic life, government, private organizations and the church.
- Steps are needed to protect workers’ rights and interests under pressure by the mobility of the multinational corporation. Labor must develop cross-border instruments of solidarity and devise flexible means of responding to changing situations. The churches have long recognized labor’s right to organize and have emphasized the importance of sufficient job opportunities for all willing to work.
- Environmental policies have become more urgent as a result of global integration, but intensified environmental awareness is often not accompanied by a willingness to limit consumption and not treat nature as a commodity.
- The case for cuts in military spending and arms trade, as well as a global economy free from illicit drug traffic.
- The considerable role of the academic community in focusing the work of different disciplines on essential human needs and values, on helping build a new global political economy with greater equality and respect for community, and on listening and teaching to new and diverse communities.

As was clear from substantive agreement on these critical issues, the conference helped deepen the understanding between theologians and ethicists on the one hand, and business leaders, economists and labor experts on the other. But on a number of questions there remains scope for disagreement, and participants might differ on the emphasis that should be placed on particular actions. For example:
- The role of corporate leaders and their social responsibility was considered by all and especially the business group which played a constructive role at the
conference. International corporations make very substantial contributions to their host economies, but have a moral responsibility to observe a code of ethics that allows for the impact of their operations on the environment, on communities, and does not take unfair advantage of local laws and customs. One must recognize, however, that these corporations are under severe competitive pressures which may impair their ability to act in the social interest. Hence regulation of international investment capital to make it compatible with environmental protection and workers’ rights, regarded desirable by many, may be hard to accomplish and implement in practice. In any case the recipient countries will have to be the primary players in such an initiative.

- The best way and necessary extent of adjusting consumption and savings to release sufficient resources for fighting poverty.
- The importance of population growth in the development process is recognized, but how its containment can be made compatible with ethical standards remains subject to debate.
- Governance in the global economy requires responsible behavior by national governments supported by key international institutions such as the United Nations, the World Trade Organization (WTO), and the Bretton Woods institutions (the International Monetary Fund and the World Bank). Some participants felt uneasy about the impact of the new WTO in the process of development and poverty eradication. Most economists applaud the present wide acceptance of outward orientation and trade liberalization, but some observers have drawn attention to certain adverse environmental and employment effects of trade expansion.
- Structural adjustment programs financed by the World Bank and the International Monetary Fund have been criticized by ethicists on the ground that the underlying conditions endanger anti-poverty action. The criticism persists even though in the wake of the 1987 UNICEF report “Adjustment with a Human Face” the World Bank has substantially modified its conditionalities and made it consistent with its own increased emphasis on antipoverty programs.  
- Ethicists have also objected to the voting structure in these two Bretton Woods institutions in that they do not follow the U.N. procedure of giving one vote to each member country, but instead weigh voting strength by members’ financial contributions and thus give the advanced countries control of policy and Executive Board decisions. The U.N. practice is not advisable for the Bretton Woods institutions since it would entail severe reductions in the financial support from advanced countries and thereby impair the institutions’ operational ability and effectiveness.

These controversial points have been reconciled in the final conference document which focused on essential areas of agreement in the assessment of global conditions, and the roles of church, government, labor, business as well as nongovernmental organizations, foundations and the academic community. The document pointed to the churches’ challenge to place the “painful and tragic consequences of globalization” in the center of its preaching and education activities. It also stressed the critical importance of spiritual rebirth in personal and social life and the important role of the Holy Spirit in guiding our actions in the social arena. “Deep attention to the presence of the unifying Spirit of God can draw people of diverse religious traditions together in ways that foreshadow the truly humane global community God wills for all humanity.”

ENDNOTES

1 See Ouattara (1997).
2 For a lively discussion of global forces see Greider (1997).
3 The pastoral was discussed in detail by Thomas Head in an earlier issue of this Bulletin (No. 9, Spring 1987). The
pastoral reviewed biblical theology and ethics in relation to issues of poverty and injustice and called for priority attention to the poor in a range of policy measures such as macroeconomic policies and more specific action, alleviation of unemployment, guidelines for anti-poverty action, rural development and U.S. policies toward the developing countries. The tenor of the pastoral was in sharp contrast to the more restrictive role of government in the fight against poverty assumed by the U.S. administration during the 1980s. It was drafted in a comprehensive and intense process of consultation and collaboration among many experts, representatives of various churches and Jewish groups, as well as academics, business and labor. It was welcomed in many circles, including many non-Catholic groups, drew worldwide interest and inspired bishops in other countries to address social issues. A 1993 colloquium in Freiburg, Switzerland, brought together experts from everywhere to consider the unifying theme of some 1149 bishops' statements on ethics, economics and development, written since the American 1986 pastoral.

He also emphasized that ethics enters into economic analysis in many ways: besides questions of distribution, production deals with issues of wages, ecology, advertising, stimulation of demand for particular commodities, all of which have moral consequences.

The extent of the gap and its changes over time deserve careful documentation that cannot be reviewed here. It is worth noting the improvement in many development indicators such as primary school enrollment, infant mortality and the availability of physicians and nurses, but the poor often do not share in the benefits of growth because they suffer from discrimination in land tenure, property rights, and access to legal systems and credit; see, for example, World Bank (1995), tables 27 and 28, and Birdsall and Londano (1997).


7 The first structural adjustment loan (SAL), to the Philippines, was made in the late 1970s. The underlying program aimed to strengthen the effectiveness of industrial investment, increase employment and make the protective system more rational. Few if any ethical objections could be raised against this kind of program. SALs came to amount to 25% of total World Bank lending by the mid-1980s and made possible accelerated loan disbursement to countries facing debt servicing difficulties and willing to undertake broad adjustments not envisaged in project lending.

8 In practice people from advanced and developing countries work closely together both in the Executive Board and management.

REFERENCES


