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Chances and dangers of the globalisation

topics:

- *the characteristics of contemporary “globalisation”*
- *chances and dangers in the globalisation*
- *possibilities / motifs / actors to counter disastrous effects of globalisation*

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The great Austrian satirist Karl Kraus once asked an author: “What are you presently working on?” He answered: “I am writing an ethics of the economy”. Kraus reacted nonplussed: “O, then you will have to choose”. Maybe, this short reply can serve as an introduction to the next 45 minutes.

Let me try to make good use of the time given to me. This is by far not easy because the topic of globalisation is, as you know, so vast and so complex that one can easily miss the expectations of the audience, especially when it consists of people from different countries and therefore different cultures, and when the speaker wants, as I do, to relate this all overarching topic to the everyday life and work of pastoral counsellors.

I shall subdivide my remarks into four point.

- Firstly being a German I cannot abstain from giving a kind of definition of globalisation as I see it and stating the main characteristics of this process.
- I shall then dwell a little bit on the title of this talk which I didn't choose myself. It was assigned to me.
- Thirdly, and this will be the largest part, I shall consider some of the chances and the dangers of globalisation.
- And then I would like to close with some reflections on the feelings of helplessness, of powerlessness, feelings the process of globalisation evokes in so many people, and how – hopefully – one can overcome this frustration.

Globalisation and its characteristics

The present globalisation is a process through which the operative political and economic forces mainly of western societies shape and design the whole globe as their field of action. Inevitably the relationships as much as the dependencies between nations and societies grow closer and become deeper. Crossing boundaries including international trade – this has been going on for a long time. The epoch-making feature of the present globalisation is the scale and the speed in which this

happens, so much that the quantitative changes, as the German philosopher Friedrich Hegel puts it, pass into a new quality which means: The present globalisation is not an enlargement of what we know and have, it is something hitherto untold, and to a large part its consequences are still unidentified.

This definition goes beyond the usual description of globalisation. Quite often it is understood merely as a huge market, on which the same products in the same way can be sold and bought everywhere. Not long ago on an academic panel I have heard a well known economist saying “The international integration of markets – that is what globalisation means in short”. Such a shortsightedness will miss what is happening today. To understand what is going on we have to apply a wider view.

Let me name *seven characteristics* of the present globalisation. I also start with the economy but I shall not quit there:

- Spreading of production, trade and capital-investment far beyond national and even beyond continental boundaries;
- Globally operating financial markets based on speculation and completely unconnected to marketing real goods and with a highly destabilizing potential;
- Worldwide possibilities for communication almost without delay and at low costs;
- Considerably weakened national governments as regulating powers over against multinational companies, which so far are not tamed by global institutions;
- Intensive and inevitable cultural cross penetration exposing people to foreign value systems and ways of life;
- High mobility of people, goods and services through fast and cheap transport;
- Drifting apart of winners and losers of a globalised economy.

Is the “integrity of creation” given a chance in global economy?

This is the title the organisers of this conference have attributed to this morning session. It makes me think. Has there ever been an integrity of creation after the Fall of Man? And if so when did the disintegration of creation begin? With the ancient empires and their nature consuming wars? At the age of discoveries and its global outreach? With modern industrialization? With capitalism? Or right now with globalisation? We feel: We feel: it is a question without an answer. This world is Gods creation – such is Christian belief. But this world is man’s world too. And we all know that in the creation man has been given a double mandate: to cultivate the earth, which means to put it to his and her use, and to keep, to preserve it. These proved to be portentous sentences. Christianity has been blamed for creating the spiritual basis of natural sciences and dominating nature through science and technology. Maybe rightly so. Carl Amery has spoken of the “merciless effects of Christianity”. And I don’t dare to wipe this out. But there is some other truth too: The belief in creation makes mankind responsible for the earth – the earth as it is as God’s and man’s world. Which means for us: We are responsible for the globe as we face it today.

Chances and dangers of the present globalisation

What counts for chances and what for dangers depends very much on ones pre-conceived outlook on the economy. Those, who expect all blessings from the unrestricted workings of the so called invisible hand of the market, will contend that globalisation spills a cornucopia of all good things: prosperity, freedom, overcoming of hunger and want.. Not many here today will belong to this faction. Nor do I, as you will soon discover when I turn to the dangers of globalisation. But nevertheless I can detect some advantages of globalisation. They are connected with some of the characteristics I have listed at the beginning.

Worldwide communication almost without delay and at little costs could contribute to the openness and possibly to the democratisation of societies – not immediately but in the long run. Dictators can no longer rule unobserved and unquestioned. International courts have begun to prosecute them. It has become quite difficult to hide atrocities. There will be witnesses who put them into the Internet and the other communication media. Discrimination of minorities will find accusers within a society or outside of it. The German Democratic Republic fell for its economic incompetence but also because its citizens through Western Television knew too much of what happened inside and outside its boundaries. Interfering in national affairs was in former times outlawed. Today there are beginnings of an international judicial system, even if we are far from an open globe. In politics and economics we depend too much on each other to let alone the public affairs of neighbouring or even farer away countries. The Balkan is the most recent case.

One more example: I regard the intensive and inevitable cultural cross penetration also as a chance for a peaceful and enriched life together. I don't believe in the clash of cultures, into which Huntington sees us move. It surely isn't affection what draws cultures together. It is the inevitable necessity that we either learn to live together or shall perish together. In this regard even capitalism may play a preserving role. I hesitate to say that. The internationally invested capital will not allow cultures to divide the world any longer. Surely, this does not work unfailingly and it does not exclude regional conflicts. But in my understanding a worldwide capitalistic economy will lead to a better acceptance of strangers. The encounter of cultures may at first create tensions, as we in Germany experience with our Turkish co-citizens and our Muslim communities. But in the end enlightened self-interest will hopefully produce the minimum understanding necessary to enable tolerance.

When I now turn to the dangers of globalisation I shall refrain from a lamentation of all the evil, the rudeness, the mercilessness attributed by its opponents to the globalisation and its turbo-capitalism. I shall instead a more sober approach and state what cannot remain as it is now and has to be changed. And I shall at least in part indicate means by which it can be changed. You will understand that this can only be a very short and perfunctory overview. I shall touch upon four fields: economy, especially financial markets, global governance, ecology and third world countries.

Taming the markets

I remind you of the statement I quoted at the beginning: “The international integration of markets – that is what globalisation means in short.” This indeed identifies the dominating power of globalisation right now. But the global market is not

this benign invisible hand turning crude egotism into the common good. The global market is distorted. There are some powerful players who set the rules for the weaker partners. And the rules benefit the industrialised economies above the developing economies. And then we observe an economizing of politics. Local, provincial national governments are lenient to companies in order to lure them into their territory. Companies in turn evade taxes by shifting their profits to low tax countries thus refusing to pay their share for the social functioning of society.

And then there are the global financial markets having got completely out of control. Formerly financial businesses were mainly conducted to invest in production or in marketing goods. Today only five percent them are at all related to goods. Ninety five percent are pure financial transactions crossing borders and speculating with currencies. They have reached the sum of 1.6 trillion \$ per business day.

What has to be done? Financial speculation has to be curbed and can be curbed by applying a tax on all speculative transactions. Such a tax has been drawn up by James Tobin, an American Economist and Nobel prize winner. Next: There are more than a hundred so called tax paradises, where money is not or little taxed and where it can be stored unmolested. The G 8-Nations could demand a strategy to dry these money havens up. Next: An international agreement could make tax evasion more difficult. And politics should and could take the lead over the economy.

But even within the economy important changes can be observed. Right now as a rule there is one supreme yardstick for all entrepreneurial decisions: the shareholder value which means the profit a firm can pay to the share owners. In the Anglo-Saxon discussion it is gradually confronted with a similarly sounding notion: the stakeholder value. This is a considerably larger group: Surely, the capital owner belong to it, but also the employees, the customers, the community where a company is located, and in a wider sense all those who benefit or are impeded by the acting of a business. A considerate management will therefore include ecological necessities into its decisions. If all these requirements are taken into consideration, then the shareholder can expect a reasonable, a fair profit, but not the maximum profit.

This is hard on conventional economic reasoning. For it nature is a subsystem having to submit to the ruling system, the economy itself. Nature was and still is to a large degree merely the supplier of raw materials and energy, the surroundings of production and the wastebasket. The use of nature therefore has to be cheap or at best free. Those who use nature do not have to worry about regenerating it or compensating for it. All costs arising from pollution to this thinking are to be paid by the general public. If nature is cheap you can squander it. Now, this is going to change. More and more economists discover that producing and trading contra nature will destroy the very foundations the economy lives upon. Not a few companies have realized that an ecological management creates no disadvantages and mostly no additional costs. On the contrary often enough it saves money, wins new customers and strengthens the company over its competitors.

Nevertheless the insight that for its own survival the economy is inseparably bound to ecology, is a tremendous ethical effort. Because it opens up only to long-term considerations. And in the present economic system such a longterm perspective is not encouraged. The prospective view of a normal enterprise is limited to one year, at the most to two years ahead, and the stock exchange judges companies by their quarterly record. A single company cannot change that, at least not easily. It takes a combined effort of business associations, banks, stock exchange,

political authorities, customers, NGO's to implement longterm assessment of economic conduct.

Strengthening global governance

It is the global community which has to set the rules for the markets and not vice versa. It has to be the states and the international institutions which determine the legal framework for the international commerce. But the global community so far lacks appropriate instruments. The existing institutions in their present shape are barely equipped for this task, neither the UN nor the WTO. And too often they are directed towards the interests of the wealthy countries. In the UN the industrialized nations have a preponderance. The GATT-agreements of WTO benefit the rich countries. The patent regulations shield the advantage of the North and create a further dominance in genetic engineering, seeds and animal breeds. And also the World Bank and the International Monetary Fund are dominated by European and North American thinking even though there have lately been happy changes. No one in his or her sane mind wants to set up a central world government But we need badly institutions, regimes which for the burning issues can establish and enforce binding agreements and treaties among the nations and the players of this globe. We need global institutions for curbing money speculation, for trade regulations securing fair competition and a minimum of social standards, for more equal chances between North and South and also for the protection of our natural foundations.

And the beginnings are there – though they are feeble, hesitating, sometimes stumbling beginnings. A permanent committee regulating global finance flows is called for. Banks shall be observed in their credit allocation. The Tobin tax is accepted as a working tool even in larger circles of economists. The rules of WTO are widely criticised for neglecting ecological and social standards. It is urged to strengthen the rights of the small over against the big.

All this is a long way. The neo-liberal thinking sticks like glue to the mainstream of economic theory. But this can change. The catastrophic course world trade is steering becomes visible to some of its formidable supporters. And when one asks who can push forward the necessary changes, I see above all two forces: One force are the national governments themselves and the reasonable faction within the economy. Neither of them can profit from Chaos and rampant growth. The other force is the growing vigour of concerned citizens. To them we shall come back in the last paragraph.

Protecting the natural foundations of life

The environment, I rather like to speak of nature, suffers especially from the present globalisation. Materials, goods are hauled across far distances by truck, ship and air because transport costs are minimal and can be neglected; electronic communication is very energy and material consuming – contrary to the expectation; physical travel, especially by air has intensified enormously; global competition pushes environmental considerations to the back and so on.

What we need is a World Trade Organization more aware than it is now of the big challenge: that unconsidered short-lived gains will greatly endanger our own fundamental interest in a liveable natural environment as the unchangeable basis of all human wealth. Once this has become a firm insight, the regulations enforcing

the minimum ecological standards while still remaining an arduous task should be negotiable. Also in this field, there are three actors who are able to achieve something: governments, the considerate part of the economy and the international civil society who can push that ahead.

Reducing inequalities in North-South-relations and terminating gross injustices

Permit me to dwell a little longer on this field, since it is one of my main concerns in the Wuppertal Institute. The Human Development Report 1997 of the United Nations has shown, how vast the difference in wealth has become between North and South. Surely, there has developed a global middle class and is still growing in numbers and in wealth. At the same time the distance to the poor is widening. Between 1960 and 1991 the richest fifth of the world's population expanded their share on the monetary wealth from 70 to 85 percent, while in the same period the share of the poorest fifth fell from 2.3 to 1.4 percent. For a good dozen countries in Asia and Latin America the distance between South and North is shrinking, for a hundred more it is increasing. A whole continent, Africa, is pushed to the margin, in a country like India the upper fifth of the population is hailed for its way up, the remaining 800 million are put offside. Similar proportions apply to Latin America. One striking figure: According to the above mentioned report 358 billionaires own as much in money worth wealth as 45 percent of all mankind. Such a figure is incomprehensible and it surely is unbearable. It nevertheless makes no sense to wield the big hammer. Accusations will change as little as Sunday sermons do – exceptions granted. But it makes sense to appeal to the enlightened self-interest of those on the sunny side of the street. And the enlightened self-interest can teach the well-to-do the following:

In a world, divided by such grave inequities, there is little prospect of peaceful conditions where the wealthy can enjoy what they have acquired. Wealth is not endangered only under at least one of the following three conditions: Either it is unknown to the needy, or the needy take their lot as self-inflicted or as fateful, or the wealth is inaccessible to them. None of these presuppositions is valid any longer. In this webbed world too many know too much. And they also know the means to fight their lot, be it by terrorism or by migration. There is little chance that great parts of the world's population will submit to their growing misery. Decided actors have already given proof of their power to create chaos, not seldom in the name of religion, as there is hardly a more explosive mixture at all than the connection between poverty and religious fanaticism.

Therefore the rich of the world must take a vital interest in mitigating the inequalities. Already the industrialized countries alone overburden the natural foundations of our globe. Even this one billion inhabitants of the North use more materials and energy than the earth can replenish, and they burden the air, water and soil beyond their capacity. But now the nature consuming civilization spreads over the whole globe, which means, that the really dramatic development will take place in Asia and Latin America. There our careless consumption of the treasures of nature is repeated – only on a much larger scale. Just a few figures. In the USA live five percent of the world population, but these five percent use up 20 percent of the world's energy. Germany consumes per capita six times as much energy as China, fourteen times as much as India. But this will not remain so. The threshold countries of Asia and Latin America are busy catching up with their northern models. In China and India alone lives more than one third of mankind. If these countries

together with the other climbers continue their chase after our standard of living and if they will have succeeded some decades from now – than the atmosphere, the seas, the soil, the drinking water systems will be heavily overused – so much that the consequences for the then living generation, its health, its food, its well being is incalculable.

The course for tomorrow is set today. Even the poor countries begin to realize what they are worth. Turning again to the international negotiations: Without their consent a viable climate protection is not attainable, and the big developing countries like India, China, Brazil, Indonesia use their potential to upset the global climate quite efficiently as a threat. To sum up this line of thought and sticking to the energy example: It is in our own best interest to care for the development of the poorer countries, to see to it that they do not use up their forests, that energy from sun and biomass is produced decentralized, that they advance ecological building materials and so on.

And I will not spare the European Union to which I belong. Regarding the Third world it shows a double face, a Janus head. With the one hand it gives development aid, contributes to nation building, grants custom preferences, trains professionals. With the other hand it takes what it has given: It subsidizes the export of surplus grain and meat thereby ruining indigenous markets in Southern countries which can't compete, it signs fishery treaties favouring its strong vessels and leaving the small boats of African coast fishers without catch, it pays the cheap world market prize for raw materials and puts levies on processed goods thereby restricting imports. All this is a well known feature, one of the ambiguities of North-South-Relations and cannot be left in the dark. And to close this point: There has to be an urgent and complete debt relief of the highly indebted countries.

Now then: Having named so much what has to be changed, having referred to insight and enlightened interest, having called on so different actors:

How can be done what has to be done?

You don't expect me to give a full answer to the tasks I have listed above. But I shall try to answer this question in part and in doing so I would like to reflect (a) on motives for action, (b) on possibilities, whereby I mean the scope of what reasonable pondering can hope to achieve, and (c) on the actors we can hope to take part in tackling the tasks.

And before I go on to that I would like you to participate in an exercise I have to undergo from time to time to convince myself that it still makes sense to continue working for a bearable, a tolerable globalisation. The developments we have touched upon not seldom make me doubt whether they are still in our reach, whether I as a person or together with my friends can influence the course of events. That, what goes on – isn't it too big, too far away, too high up and therefore beyond my capacity? But the uncertainty goes even deeper: Is there anybody who is in command of the events and developments? The people on top, the national and international helmsmen, are they able to steer the global boat? Or has it moved out of control? Has mankind with all its power, with all its inventions, all its technological and organisational skill created more problems than it now can solve? Does every remedy create unknown side effects, more difficult to handle?

When these doubts enter my mind, I turn to the old Greek legend of the Titan Atlas. He waged a war against the gods and was defeated. For punishment he was laid on his shoulders the whole globe which from then on he had to hold.

And then I am glad that I am not Atlas. I don't have to hold the globe. What can I do? That what is within my power; that what I am responsible for; that what I can change. Not more and nothing else is expected from me. And nobody knows what ensues from my small actions. You will know the famous thought of the Chaos science. The wing-beat of a butterfly can trigger off a later storm somewhere far away. Who knows what results our personal and common actions have?

(a) Motives

Strengthened by this encouragement let me now first consider possible motives we can enlist for moving people to work for the necessary changes. Care for the far away neighbour, sharing ones wealth, caring for the weak – this surely is the realm of ethics. And ethics, morals are indispensable if we want to arrive at a tolerable globalisation. But by themselves they are weak, as I don't have to tell you. They are divertible, seducible, can be overruled and on demand they retreat into the background. So I would like to combine them with two more motives. The one is reason or insight. This motive is self-evident. We don't have to dwell on it right now. The other is enlightened self-interest. I have already mentioned it several times. But I think it justifies a few more remarks.

Undisputedly self-interest is one of the strongest urges of man. But in ethics it has no good reputation, since self-interest has two quite dissimilar faces. The one is selfishness, self-assertion on the cost of others. The other face is self-interest as elementary impulse of all living beings. Life is anxious to preserve itself. This specific self-interest can be formed and made an to a constitutive part of ecological ethics. Up to now life-preserving self-interest was – perhaps as an inherited feature of evolution – short-sighted. In this it was so successful that mankind is now endangering its continuation. I like to cite a sentence from the Club of Rome: Only when the inhabitants of this earth acknowledge, that they are threatened by the same immediate dangers... only then the cooperation necessary for survival can develop. This is exactly what self-interest has to learn today. It must enlarge itself in order to be able to include all humanity, and it must prolong itself in order to exchange the short-lived interest for the long-term interest. It means that the worn out notion of solidarity acquires new significance. Solidarity in its original sense is a combination of self-interest and altruism. It has nothing to do with benevolence.

Solidarity generates because and when I realize, that I need the others as much as they need me, that I can achieve my advantage only together with them. Climate policy is the most striking example for this connection.

(b) Possibilities

Making globalisation liveable, bearable, tolerable is a project for more than one generation. And it will proceed rather in small than in large steps. People motivated by an ethical impulse are prone to expect too much from themselves and from those whom they want to win for their cause. Changes in personal lives may sometimes take the form of a rapid conversion, social changes take time. People have almost everywhere mixed motives, which means that ambiguities, habits,

heavy pressures have to be overcome. Societies learn step by step, in a process of trial and error and sometimes they proceed like the “Echternacher jump procession”: Three steps forward, two back. In the face of all what has to be done impatience is nearly unavoidable but it doesn’t do any good.

(c) Actors

For globalised problems there are no personal solutions. All has to be done together. None of us here in this room has a seat in a national government, or in an international organization, or in the WTO or on the Board of a transnational corporation. What can we do? We can join and support an NGO. NGOs play a leading role in creating a climate of change. They create networks, participate in movements, seek public awareness, build coalitions, exert pressure on governments, on multinational companies, denounce partial interests and so on. The most recent example is the movement *Attac*. It came into being together with the WTO meeting in Seattle, has grown tremendously since, was and is physically present where the big meetings are held, demonstrates peacefully in large numbers, and it undergirds its presence with reasonable and workable proposals like Tobin tax, shutting the tax oases and so on. It has brought the ugly features of globalisation to international attention as no one before. And it doesn’t look like a day-fly. Hopefully it matches the two prerequisites for an effective promoter of change.

These two prerequisites I found when I visited the Hamburg harbour. There – and with this experience I shall close my remarks – right in the middle of the harbour two compact tug-boats are stationed, to be brought into action in case of a ship collision. They bear curious names: They are called “Energy” and “Endurance”. We need both when we work for a liveable globalisation.