

## PANEL ON GLOBALIZATION

WILFRIDO V. VILLACORTA

I must congratulate Academicians Sabourin and Llach for having provided the dedication and leadership in organizing and integrating the different forums of our Academy on the subject of globalization.

### PEACE AND JUSTICE AS GOAL OF GLOBALIZATION

The theme of the Academy's work in this field has always reflected the Church's conviction that the primary goal of globalization should be world peace and justice. This goal is, in turn, realizable if we democratize the globalization process so that poverty and inequality in all parts of the world are eventually eradicated. We know that this is a lofty aspiration, but should not history lead to the progressive improvement of the human condition?

Pope Benedict XVI, in his speech on World Peace Day on 1 January 2009, stressed that 'fighting poverty requires attentive consideration of the complex phenomenon of globalization'. He exhorts us, in our dealings with the poor, to clearly recognize that 'we all share in a single divine plan: we are called to form one family in which all – individuals, peoples and nations – model their behaviour according to the principles of fraternity and responsibility'.

Allow me to quote Pope Benedict XVI as he expounds on the task of unifying the world in the pursuit of world peace:

One of the most important ways of building peace is through a form of globalization directed towards the interests of the whole human family. In order to govern globalization, however, there needs to be a strong sense of global solidarity between rich and poor countries, as well as within individual countries, including affluent ones. A 'common code of ethics' is also needed, consisting of norms based not upon mere consensus, but rooted in the natural law inscribed by

the Creator on the conscience of every human being (cf. Rom 2:14-15). Does not every one of us sense deep within his or her conscience a call to make a personal contribution to the common good and to peace in society? Globalization eliminates certain barriers, but is still able to build new ones; it brings peoples together, but spatial and temporal proximity does not of itself create the conditions for true communion and authentic peace. Effective means to redress the marginalization of the world's poor through globalization will only be found if people everywhere feel personally outraged by the injustices in the world and by the concomitant violations of human rights.

#### CHALLENGES OF THE GLOBAL CRISES

His was a timely reminder now that humanity is faced with one of the most severe crises in history – the global recession and worsening poverty, a looming pandemic, environmental deterioration, international terrorism, unbridled proliferation of nuclear weapons and other weapons of mass destruction, world food and energy crises, worsening drug trade, human trafficking and other transnational crimes, etc.

The G20 Summit held last month in London focused on the global economic crisis, which the Leaders described as requiring a global solution. The participants that represented all regions of the world consisted of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the U.S., the U.K. and the European Union.

For the first time, the Leaders declared that ‘prosperity is indivisible; that growth, to be sustained, has to be shared; and that our global plan for recovery must have at its heart the needs and jobs of hard-working families, not just in developed countries but in emerging markets and the poorest countries of the world too; and must reflect the interests, not just of today’s population, but of future generations too. We believe that the only sure foundation for sustainable globalisation and rising prosperity for all is an open world economy based on market principles, effective regulation, and strong global institutions’.

Likewise, they admitted that ‘major failures in the financial sector and in financial regulation and supervision were fundamental causes of the crisis’. They pledged to ‘take action to build a stronger, more globally consis-

tent, supervisory and regulatory framework for the future financial sector, which will support sustainable global growth and serve the needs of business and citizens’.

They all agreed to establish the much greater consistency and systematic cooperation between countries, and the framework of internationally agreed high standards, that a global financial system requires and ‘to guard against risk across the financial system; dampen rather than amplify the financial and economic cycle; reduce reliance on inappropriately risky sources of financing; and discourage excessive risk-taking. Regulators and supervisors must protect consumers and investors, support market discipline, avoid adverse impacts on other countries, reduce the scope for regulatory arbitrage, support competition and dynamism, and keep pace with innovation in the marketplace’.

The Leaders recognized the disproportionate impact of the current crisis on the vulnerable in the poorest countries.

#### CONTRIBUTION OF THE CHURCH’S SOCIAL DOCTRINE

Long before the current crisis, the Church had called attention to widespread poverty and unequal development among countries and the need to address them. Both the *Populorum Progressio* and the *Sollicitudo Rei Socialis* upheld authentic human development, anticipating what was to become the more advanced form of materialism: untrammelled globalization. They were an indictment of what has been proffered as the supreme end of human society – maximum accumulation of material wealth and unlimited access to goods and services, while ignoring the ever increasing deprivation among most people of the world.

The *Populorum Progressio* decried in the strongest terms possible wasteful expenditure so common among the economic elites of both developed and developing countries:

When so many people are hungry, when so many families suffer from destitution, when so many remain steeped in ignorance, when so many schools, hospitals and homes worthy of the name remain to be built, all public or private squandering of wealth, all expenditure prompted by motives of national or personal ostentation, every exhausting armaments race, becomes an intolerable scandal. We are conscious of Our duty to denounce it. Would that those in authority listened to Our words before it is too late!

The reminder of Paul VI on development assistance extended by rich countries to the poor countries rings true to this day:

...dialogue between those who contribute wealth and those who benefit from it, will provide the possibility of making an assessment of the contribution necessary, not only drawn up in terms of the generosity and the available wealth of the donor nations, but also conditioned by the real needs of the receiving countries and the use to which the financial assistance can be put. Developing countries will thus no longer risk being overwhelmed by debts whose repayment swallows up the greater part of their gains...And the receiving countries could demand that there be no interference in their political life or subversion of their social structures. As sovereign states they have the right to conduct their own affairs, to decide on their policies and to move freely towards the kind of society they choose. What must be brought about, therefore, is a system of cooperation freely undertaken, an effective and mutual sharing, carried out with equal dignity on either side, for the construction of a more human world.

In *Sollicitudo Rei Socialis*, John Paul II wrote that ‘the serious problem of the unequal distribution of the means of subsistence originally meant for everybody, and thus an unequal distribution of the benefits deriving from them’ take place ‘not through the fault of the needy people, and even less through a sort of inevitability dependent on natural conditions or circumstances as a whole’.

The Encyclical likewise paid due attention to the disadvantaged position of developing countries. It stated that ‘if the social question has acquired a worldwide dimension, this is because the demand for justice can only be satisfied on that level. To ignore this demand would encourage the temptation among the victims of injustice to respond with violence, as happens at the origin of many wars’.

*Sollicitudo Rei Socialis* presaged the debacles at the start of the 21st century when it warned that ‘peoples excluded from the fair distribution of the goods originally destined for all could ask themselves: why not respond with violence to those who first treat us with violence? And if the situation is examined in the light of the division of the world into ideological blocs a division already existing in 1967 – and in the light of the subsequent economic and political repercussions and dependencies, the danger is seen to be much greater’.

John Paul II deplored the phenomenon of ‘super-development’ characterized by ‘an excessive availability of every kind of material goods for the

benefit of certain social groups' and 'makes people slaves of "possession" and of immediate gratification'.

The global financial crisis had made it clear that globalization should not solely serve the ends of the market and its main beneficiaries in the most developed countries. So much focus is given to competitiveness and deregulation as the primary vehicles of globalization. Such a priority can only lead to the perpetuation of the 'beggar-thy-neighbor' policy that has exacerbated acrimony and inequality among states.

On the contrary, globalization, if it is to contribute to world peace and prosperity, requires regulation. It must allow for an authentic international public space that is geared towards the production of international public goods based on imperatives of economic and social justice. The process entails a more accountable, transparent, participatory and multi-level global governance system. It should come with an institutional architecture for regulating globalization that combines economic efficiency and social equity, with priority given to public interest over private/corporate interests in global governance.

The Church has been a potent voice that has defended poor countries and the poor in rich countries. As Benedict XVI stated in his World Peace Day address this year, 'the Church, which is the "sign and instrument of communion with God and of the unity of the entire human race" will continue to offer her contribution so that injustices and misunderstandings may be resolved, leading to a world of greater peace and solidarity'.

#### RE-EXAMINING GLOBALIZATION PREMISES

We now see the consequences of unbridled capitalism. In its latest regular regional economic briefing at the World Bank/IMF Spring Meetings, the World Bank reported that 'after enjoying a decade of strong growth and poverty reduction, the countries of Eastern Europe and Central Asia (ECA) are now seeing the global economic and financial crisis push almost 35 million people back into poverty and vulnerability, or about one-third of the people that had escaped from it over the last ten years'.

In its study, *Emerging Asian Regionalism*, the Asian Development Bank observes that, while Asia's increasing integration creates a new platform to bolster economic growth, economic integration can also be associated with negative side effects, e.g. greater dislocation of exposed sectors and negative impacts on the poor. The ADB admits that premature financial liberal-

ization combined with inadequate social protection can have serious social repercussions such as what happened during the 1997/98 crisis. Moreover, it warns that persistence of inequality, especially within many countries in the region, may undermine support for regional integration: 'High inequality can limit the impact of economic growth on poverty reduction. It may also hinder growth itself, since the potential of the less fortunate is wasted. It may spur demands for growth-sapping redistributive policies'. Inequality in low-income countries usually has negative effects on growth because it undermines factors that foster growth and make them vulnerable to elite capture. The ADB study confirmed that the rich are better equipped to exploit the opportunities offered by economic change.

In his book, *Making Globalization Work*, Academician Joseph Stiglitz deplores the democratic deficit in the way globalization has been managed. He calls for 'greater concern both for the poor countries and the poor in rich countries, and for values that go beyond profits and GDP'. He lamented that globalization has circumscribed the ability of democratic governments to temper the market economy and has eroded public confidence in global institutions which are perceived as serving the interests of advanced industrial countries. The present global economic crisis bears out this main thesis of his book.

#### REALITY CHECK FOR WORLD LEADERS

Fortunately, the G20 Summit proved to be more responsive than expected to the sentiments of the international community. U.S. President Barack Obama adopted a more conciliatory stance, saying that 'in a world that is as complex as it is, it is very important for us to be able to forge partnerships as opposed to simply dictating solutions'.

The Leaders pledged to impose stronger restraints on hedge funds, credit rating companies, risk-taking and executive pay. Professor Joseph Stiglitz was quoted by Bloomberg News as having said that the joint communiqué of the Summit repudiated the previous U.S.-led push to free capitalism from the constraints of governments: 'This is a major step forward and a reversal of the ideology of the 1990s, and at a very official level, a rejection of the ideas pushed by the U.S. and others. It's a historic moment when the world came together and said we were wrong to push deregulation'.

It is heartening to know that the conclusions and recommendations of the different workshops and seminars on globalization sponsored by the

Pontifical Academy of Social Sciences have been vindicated by events of the past ten years. We find comfort in the fact that our deliberations were buttressed by the faith and thinking of the leaders and members of our Church and other religious and philosophical traditions, and the wisdom of the members of our ecumenical Academy.

#### REFERENCES

- Asian Development Bank. 2008. *Emerging Asian Regionalism: A Partnership for Shared Prosperity*. Metro Manila: ADB.
- Benedict XVI. 2007. *Spe Salvi*. [http://www.vatican.va/holy\\_father/benedict\\_xvi/encyclicals/documents/hf\\_ben-xvi\\_enc\\_20071130\\_spe-salvi\\_en.html](http://www.vatican.va/holy_father/benedict_xvi/encyclicals/documents/hf_ben-xvi_enc_20071130_spe-salvi_en.html)
- Benedict XVI. 2009. Speech on World Peace Day. Vatican City. 1 January.
- Chong, Terence (ed.). 2008. *Globalization and Its Counter-forces in South-east Asia*. Singapore: Institute of Southeast Asian Studies.
- G-20 Summit. 2009. *Leaders' Joint Communiqué*. London, England.
- Hew, Dennis. 2007. *Brick by Brick: The Building of an ASEAN Economic Community*. Singapore: Institute of Southeast Asian Studies.
- John Paul II. 1987. *Sollicitudo Rei Socialis*. [http://www.vatican.va/holy\\_father/john\\_paul\\_ii/encyclicals/documents/hf\\_jp-ii\\_enc\\_30121987\\_sollicitudo-rei-socialis\\_en.html](http://www.vatican.va/holy_father/john_paul_ii/encyclicals/documents/hf_jp-ii_enc_30121987_sollicitudo-rei-socialis_en.html)
- Miller, Rich and Simon Kennedy. 'G-20 Shapes New World Order with Lesser Role for U.S. Markets'. [http://www.bloomberg.com/apps/news?pid=20601087&refer=home&sid=axEnb\\_LXw5yc](http://www.bloomberg.com/apps/news?pid=20601087&refer=home&sid=axEnb_LXw5yc)
- Paul VI. 1967. *Populorum Progressio*. [http://www.vatican.va/holy\\_father/paul\\_vi/encyclicals/documents/hf\\_p-vi\\_enc\\_26031967\\_populorum\\_en.html](http://www.vatican.va/holy_father/paul_vi/encyclicals/documents/hf_p-vi_enc_26031967_populorum_en.html)
- Stiglitz, Joseph. 2006. *Making Globalization Work: The Next Steps to Global Justice*. London: Allen Lane.
- World Bank. 2009. Press Briefing: 'Global Crisis Pushing Almost 35 Million People Back Into Poverty And Vulnerability In Europe And Central Asia'. <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,content-MDK:22155627~pagePK:34370~piPK:34424~theSitePK:4607,00.html>