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Thank you very much, Prof. Dembinski, for your suggestive report, which is a very acute economic-scientific and civilization-historical analysis of the contemporary globalization of the economy. As discussed by the author, I have hardly anything to add to the analysis offered in his paper. However, I would like to make some comments on another aspect, i.e. from the point of view of the theory of economic systems.

1. THE CONCEPT OF GLOBALIZATION

1-1 In the first place, globalization must be distinguished from globalism, which is usually libertarian globalism. This is a worldwide trend that can no longer be removed, a universalization, a transnational rather than an international process.

1-2 Of course, historically speaking, this globalization did not begin recently. It is, however, during the last decade that people have often spoken of 'globalization'. I find that there are at least two backgrounds here.

One is the high wave of technological innovation, especially the so-called 'IT-revolution'. The high speed progress of digitalization and virtualization engendered by it is now reducing the restrictions of time and space.

The other is the breakdown of the Communist world. Because of this breakdown, the market economy, whose leading actor, private enterprise, acts by its own nature according to profitability and ignores State borders, came to cover the whole world. For this reason, the present globalization is nothing else but the globalization of the market economy.

1-3 In connection with this, another tendency in the world economy must not be neglected. I am referring here to regionalization, which can

be seen in the EU, NAFTA, AFTA, etc. Here regionalism dominates, something that is different from the blocism of the period between the two world wars. Although globalization and regionalization contain somewhat contradictory elements, these two tendencies are totally the same in that they drive States to lessen their borders in order to favour the movement of capital, labor, information etc.

This means that the State begins to retreat. It could be said that the age of the modern sovereign State is now coming to an end.

2. THE GLOBALIZATION OF THE MARKET ECONOMY

2-1 In my opinion, in principle the problems of the global market economy are not essentially different from those of the market economy in general. The market economy, which is based upon free competition and regulated by market mechanisms, has both advantages and defects. In the recent global economy these have been markedly enlarged and intensified because of the globalization of competition connected with high-technological innovation.

Needless to say, the greatest advantage of the market economy, compared with the planned economy, lies in its efficiency, as was proved practically as well as theoretically throughout the twentieth century. The present globalization of the market economy will perhaps open up a new horizon in the economic life of mankind through a major and rapid increase in the material productivity of the world.

But, owing to the lessening of borders and to rapid technological innovation, market competition is intensifying, to the point of being, as is already often said, 'mega-competition'. And thus although material welfare may be rising, two defects of the market economy, i.e. instability and concentration, are growing more intense as well.

Such phenomena have already appeared one after the other. For example, from 1997 to 1998 a sudden and large scale removal of short-term capital by American hedge funds caused severe damage to developing nations. On the other hand, nowadays, among leading corporations in the world, various kinds of M&A are rapidly going on, though concentration among them has been already widely extended. And from these emerge various new kinds of domination and dependence between larger and smaller firms, suppliers and customers, advanced and under-developed nations, as was illuminated in detail by Prof. Dembinski.

2-2 Then, as is the case within a State, in the global market economy too it becomes indispensable to establish and institutionalize the framework for ordered global competition, above all the global rules or standards in competition, for example those concerning labor, property, accounting systems, the open market, trade practice, etc.

On this point, I would like to refer in particular to only one problem, which seems to be growing more important from an ethical point of view as well. What should be understood by the phrase 'intellectual property'? This problem must become more important in the future because in the post-industrial information society which is now emerging the creative intellect and knowledge will be decisive at the level of socio-economic power. In pre-modern agricultural society and in modern industrial society, on the other hand, landownership and enterprise-ownership respectively played the decisive roles.

And when establishing the global rules, care must be taken in relation to the fact that the institutionalization of global rules is often apt to be subjected to the standards of the most advanced nations.

2-3 At any rate, although the globalization of the market economy must be accompanied by the universalization of market competition and its framework, each nation has its own social and cultural traits, and its socio-economic style as well its own stage of economic development, which vary between countries. Generally speaking, as free-competition is also power-competition, global market competition works much more favorably for powerful large enterprises and for advanced nations. Hence there also emerges the danger of a new colonization by economic power rather than by military or political power.

On the other hand, in developing countries pursuing rapid modernization, a nationalism usually dominates which tends to prefer protective measures to an opening up of their markets. By accepting direct investments by enterprises from advanced nations, developing countries can foster industrialization and increase employment. But it is also certain that through the permeation of market competition and market-social relations into developing nations their internal forms of social solidarity and their own cultures are eroded. Here respect for human dignity and with it the characteristics and autonomy of each nation must be upheld as the fundamental requirements of the globalization of the market economy. This is the principle of vernacular universalization, or to use Prof. Crocker's term, 'cross-cultural globalization'.

3. THE GLOBALIZATION OF MEASURES TO COUNTER THE LIMITS OF THE MARKET ECONOMY

Lastly, I would like to draw attention to the limits of the market economy and to the measures that are necessary to cope with them. Prof. Dembinski only briefly mentioned these subjects in his conclusion.

3-1 Although throughout the twentieth century the market economy won a victory over the planned economy, the market economy itself is not, and cannot be, a panacea (a cure-all). Even if the market economy worked in a perfectly free and equitable way, there would still be a large number of socially important problems that it could not solve. This is the most important 'market failure', to use the technical term. The global economy must never be governed by a global market-economism or a global libertarianism. On the contrary, from the viewpoint of the global common good, various global measures against these limits of the market economy itself, and the cooperation of all nations, especially of advanced nations, are indispensable.

3-2 Here, too, global economic policies with a certain coercive authority are required first of all. Besides the above mentioned measures for free and fair market competition, global policy must counter the limits of the market economy itself in the following ways:

First, the defence of world public (collective) interests: e.g., the UN, UN forces, the International Court, etc.

Second, countermeasures against the external effects of the activities of companies, above all against global social-cost, e.g. the erosion of external nature (the natural environment and resources), cultural goods, etc.

Third, the just distribution and redistribution of the world's wealth: e.g., official and private aid for developing poor nations (ODA, etc). In addition to such aid, a global investment project for development and employment (a globalization of Keynesian policy so to speak) should be planned and implemented.

3-3 Moreover, there is another important way to cope with the limits of the global market economy: the globalization of voluntary civil activities.

A notable recent tendency in advanced nations has been that various NGOs (NPOs in a wide sense) have rapidly increased to the point of forming a third sector between the market and official sectors. In addition, these voluntary organizations often create new forms of transnational solidarity: disaster relief, medical care, environmental conservation, etc.

In this regard, at least two points must be emphasized. First, this increasing number and role of voluntary organizations implies that the

individualism and the economism which have governed the last two centuries are beginning to be transcended. Second, the increasing activities of such intermediate organizations will conform totally to the principle of subsidiarity. This movement, with the establishment of adequate official regulations, must also be fostered to counter the failures of the market.

If it is the case that in the twenty-first century the world system, like the social system in advanced nations, will become a three-dimensional mixed order, composed of the market, voluntary and official sectors, it could be said that the age of alternatives, i.e. the market vs. planning, individualism vs. totalitarianism, or liberalism vs. communism, has passed. Does not this trend show, in principle, a drawing near of historical reality to the social teaching of the Church, which since the end of the nineteenth century has emphasized the role of autonomous intermediate organizations besides the roles of market and government, and proposed in reality a three dimensional social order?