Globalization, Population Aging and Ethics: Toward a Global Social Democracy

by

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Globalization, aging and ethics

Globalization has several dimensions, including the demographic, economic, political and cultural. In this article we will focus primarily on an analysis of the economic and political processes of structural adjustment policies imposed on developing countries by international financial institutions—(primarily the International Monetary Fund [IMF] and the World Bank), with the strong backing of Western countries, and the impact of these policies on the capacities of these countries to meet the needs of their citizens, especially the healthcare needs of their rapidly growing populations of elderly persons. We also discuss the ethical implications of these developments, sketch an ethical framework(s) for addressing these implications effectively and present a range of political and policy strategies we think are consistent with our ethical perspective and that have the potential to help reduce the widening gap between resource capacity and human need in many developing countries.

We do not think that globalization is the product of inexorable economic and historical forces operating at levels and through processes beyond the reach of ethically informed and motivated interventions. Similarly, we reject the view that ethical perspectives and actions are culture specific and any effort to apply them in a broader cross-cultural context is just another form of imperialism. As Sen (1) has convincingly demonstrated, concepts of freedom and justice have emerged and taken hold for extended periods in non-Western societies over the last several
hundred years: The forms of expression may vary, but the essential principles are similar across many cultures.

Globalization is closely related to what we think will be almost as important and as multidimensional an issue—the rapid growth of the elderly population in both developed and developing countries, which are far less prepared to address the consequences of this virtually universal demographic trend. At this point, these two momentous developments (globalization and population aging) are on a collision course everywhere, but most portentously in the countries of the developing world. As we discuss below, globalization, in its current neoliberal format, has spread over the last quarter century, and has substantially stripped many developing countries of the political and economic resources required to address the health and economic security needs of their elderly citizens, whose numbers will double over the next 25 years and then triple by 2050 in most of the countries of Latin America and Asia. These countries will not be able to meet the needs of their elderly population to an even minimally sufficient extent in the absence of ethically informed changes in the political and economic processes of globalization—changes designed to create a more democratic international environment and greater equality among nations.

*Economic globalization, structural adjustment*

Since the 1980s, the IMF and the World Bank began to require developing countries, which were seeking relief from huge debt burdens and interest
payments they were increasingly unable to make and to adopt a program of free-
market liberalization based on structural adjustment policies designed to:
minimize the role of the state by reducing economic planning, regulation, taxation
and public spending; remove restrictions on foreign investments and liberalize
imports; privatize state enterprises, including services like healthcare; devalue the
currency to make exports more competitive and generate more money to pay
foreign debts; and, cut and constrain wages and deregulate the labor market in
order to attract more foreign investment.

By the mid-1990s, virtually all of the countries in South America, Eastern
Europe and some Asian countries, but to a significantly lesser extent, had
implemented these policies in some form, and through export-first policies had
been at least partially integrated into the world market. The imposition of these
neoliberal policies substantially reversed the economic strategies pursued by
developing countries from the 1940s until 1980, a period of relatively high growth
rates in many developing countries. These strategies included fair prices for
commodities through price agreements, institutional trade preferences for goods
from developing countries, preferential treatment of local investors, the use of
trade policy, including selective protectionism, as an instrument for
industrialization and preferential consideration for the transfer of technology to
developing countries.
The reversal of these strategies has occurred through a number of mechanisms, including in the General Agreement on Tariffs and Trade (GATT) which gives foreign service providers, from telecommunications firms to lawyers and educational services, the same rights and privileges as their domestic counterparts and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. TRIPS is designed to diminish the ability of developing countries to use imitation technologies, which are critical to their industrialization initiatives. The imposition of these neoliberal policies on developing countries has made it increasingly difficult for them to exercise independent initiatives in the development of their own economies and the implementation of policies designed to increase the productivity of their work force and to protect their vulnerable populations.

The ability of the IMF, the World Bank and the Western countries that disproportionately benefit from the practices of these organizations, to impose a neoliberal regime on countries of the South, is largely based on what Amin (2) calls the “five monopolies” of Western countries, which creates an extremely unequal competitive environment almost entirely to the advantage of the developed countries. Monopoly power, with roots deep in the colonial past, has been achieved in technology, finance capital, resources, media and communications, and military power.
The evolution of the global economy over the last several years has been driven less by the expansion of free international trade than the pursuit of property rights of foreign capital in other states. Free trade has been subordinated to the goals of enhancing the ability of transnational corporations to gain ownership of domestic assets, to end controls on private finance, to restrain rents on intellectual property and to purchase privatized domestic social and health services and utilities. The achievement of these goals throughout the developing world over the last two decades has made them increasingly vulnerable to sudden shifts in global monetary relations and financial markets and increased the growing polarization of wealth that only benefits the core countries. (Gowan, 3,)

Structural adjustment is no guarantee against exclusion for many developing countries (4, p. 54). If current trends hold, Africa, the Middle East, Latin America, Central Eastern Europe and the countries of the former Soviet Union, together, would be involved in only 5% of world trade by the year 2020. Over 40% of the world’s population live in these countries. So economic “globalization” is mostly Northernization, integrating the advanced countries but excluding much of the world’s poor; and thus widening inequalities in growth and wealth between North and South.

In addition to the manipulative use of subsidies and other trade barriers, developed countries have been investing increasingly smaller amounts of capital in developing countries (except China) and aid funds have declined substantially
over the last 20 years, especially since the end of the Cold War. A World Bank survey shows that capital flows to developing countries fell from $300 billion in 1997 to just over half that amount in 2002. Stock and bond markets, following the Asian financial crises of 1997 have been drawing more money out of developing countries than they put in (5).

According to Casanova (6, p. 41), capital flowed from North to South from the end of WWII until the mid-1970s. Since then:

...the South has suffered a net hemorrhage of surplus: the terms of trade became increasingly adverse, interest rates skyrocketed, credit terms were shortened, capital fled, debt service grew in relation to the value and volume of exports, and payments became harder to meet because of devaluation, which requires that each dollar be bought with a greater volume of local currency.

This reversal of capital flow is at least partially responsible for the fact that the growth of Latin American economies declined from 5.7% annually in the 1960s, a period now fulminated against as dominated by statism to less than 1% in the 1980s, as neoliberal policies became dominant and fluctuating rates between negative growth and 3% during the 1990s. The poverty rate in Latin America declined during the 1970s. Since then, however, it has slowly climbed and now exceeds 50%. These trends have led to a growing division between the rich and the relatively affluent and the impoverished masses of Latin America.
In Latin America, the faithful adherence to neoliberal policies is largely responsible for the collapse of the Argentine economy and the extreme vulnerability of Brazil, the world’s eighth largest economy. Under President Cardoso, Brazil followed virtually every tenet of neoliberalism, including privatization, reduction in public expenditures and a generation of budget surpluses, most of which are used to make interest payments on foreign debt, including IMF loans, an overvalued currency and high interest rates designed to control inflation and attract finance capital, which has become largely unregulated.

Unemployment in Brazil increased from 4.5% in 1995 to 9% in 2000, which is largely attributable to extremely low-growth rates (-1.2 to 3.0%) during this period, and the loss of medium and small firms to high-interest rates and trade liberalization. Real wages have fallen for three years, the poverty rate has reached 50% of the population and inequality is increasing in a country that is already one of the most unequal in the world. The growing vulnerability of the Brazilian public has been increased by reductions in public spending for social programs designed to protect the poor, unemployed and vulnerable populations like the elderly (7, p. 33).

According to the 1999 United Nations Human Development Report (8), the socioeconomic gap between developing and developed countries and the gap between countries within the developing world are continuing to widen. The
report shows that more than 80 countries have per capita incomes lower than they were a decade ago and the income gap between the fifth of the world’s people living in the richest countries and the fifth living in the poorest was 74-to-1 in 1997, up from 60-to-1 in just 1990, and 30-to-1 in 1960. By the late 1990s, the fifth of the world’s population living in the highest income countries had:

- 86% of world GDP; the bottom fifth had 1%
- 82% of world export markets; the bottom fifth had 1%
- 68% of direct foreign investment; the bottom fifth had 1%
- 74% of all telephone lines; the bottom fifth had 1.5%

In short, during the past decade the concentration of income, resources and wealth among people and corporations in the countries of the North has steadily increased.

Global inequality, as measured by World Bank economists, reached an incredible Gini coefficient level of 0.67 by the end of the century. This was mathematically equivalent to a situation where the poorest two-thirds of the world receive zero income; and the top third, everything (9, p. 23).

The neoliberal policies of structural adjustment have not only reduced real wages in many developing countries, they have also contributed greatly to reductions in social wages—public goods such as provisions for education and healthcare. The forced reductions in public expenditures for social, health and education services, and the privatization of many of these services (the
minimalization of the state) has created a "crisis of care" in many developing countries, even as the populations in need of care, especially children and the elderly, continue to grow at very high rates.

Mark Weisbot (10, p. 250) and his colleagues conducted an analysis of several standard measures of progress in categories of economic growth, health outcomes (infant mortality, birth weight, longevity) and education (average grade completed, literacy) over the last four decades and compared rates of change in the 20-year period between 1960 and 1980 to the period between 1980 and 2000. They found that, "The results are overwhelmingly in one direction: in every category, the comparisons show diminished progress overall in the period of globalization compared with the prior two decades."

**The growth of elderly populations in developing countries**

It is widely recognized that the population of developed countries is rapidly aging as fertility rates drop and longevity increases. What often goes unrecognized, however, is that the elderly populations of developing countries are growing even faster and that by 2025 most elderly persons will be living in developing countries. In European countries, the growth in the percentage of the population 65+ from 7% to 14% (1990) took 50 to 100 years. In most developing countries, however, the doubling in the percentage of those 65+ in the population will occur in less than 30 years. The increase will occur even though fertility rates will not drop to anywhere near the current European or U.S. levels. By
2025, the 0-14 age group will decline to 25% of the world’s population and the 60+ group will increase to 14%. In the less developed countries, the absolute number of persons 60+ will increase from 375 million in 1980 to 1,121 million in 2023 and more than 70% of them will live in developing countries (8, p. 8).

(INSERT TABLE 1 HERE)

The number of persons 60+ will increase from 600 million (2000) to about 1.9 billion by 2050 when eight of every ten older persons will live in less developed countries, compared to six of every ten in 2000. The percentage 60+ in less developed countries will increase from 6% (2000) to 20% by 2050. The number of persons 80+ will grow from 69 million to 377 million by 2050, and 265 million will live in less developed regions, mainly Asia and Latin America. The following table shows that these trends will dramatically increase the median age worldwide from 26.5 (2000) to 36.8 in 2050. Asia and Latin America will have increases of about 15 years with median ages close to 40 by 2050 (11).

(INSERT TABLE 2 HERE)

The number of persons aged 15-64 for everyone 65+ (the support ratio) will decline substantially worldwide between 2000 and 2050; from 12 to under 4 in both Asia and Latin America; from 4-5 in Europe and North America to 2 and 3 respectively; and from 17 to 10 in Africa. The support ratio refers to the number of working-age (15-64) persons for each person not normally considered a part of the potential workforce, usually children under age 15 and older persons (65+)
who have retired. The support ratio used here is an indication of population aging and does not include children under age 15, which would, of course, further decrease the ratio for both 2000 and 2050.

What will the developing countries do with even larger populations of elderly persons and many fewer resources with which to meet their socioeconomic and healthcare needs? Current resources to meet these needs are just a small fraction (less than 10% in most countries) of expenditures for aging programs in the developed countries. Even these scant resources, as noted in the Human Development Report (8), have been reduced from previous levels through cuts in revenues and expenditures caused by structural adjustments over the last 20 years. None of these countries have any programs comparable to Social Security and Medicare and the even more generous programs of many European countries. And, it is not just a matter of the developing countries experiencing a larger increase in the number of elderly over the next 25 years. The elderly in developing countries will not only outnumber those in developed countries—they are and will be incomparably poorer and less healthy than those in the West (16).

As noted earlier, the trend toward privatization of the healthcare sector in Latin American countries is undermining what limited capacity even the most developed of these countries have to meet the extensive health and long-term care needs of their rapidly growing populations of older people:
Regardless of the type of intervention, most World Bank and International Development Bank initiatives have favored the private financing and provision of healthcare over the former public financing and provision that predominated in most Latin American countries. (12)

The General Agreement on Tariffs and Trade (GATT) plays a major role in the push to privatize healthcare throughout the developing world. Under GATT, 78 countries and most Latin American nations have made agreements to privatize some healthcare services, including provisions for private health insurance and private health service delivery. If any of these countries were to decide to expand access and contain costs through the public sector, as is done extensively in all developed countries, except the U.S., with its highly inequitable and inefficient system of predominantly private healthcare and reverse the privatization trend, provisions within GATT would subject them to trade penalties. The GATT Treaty is fundamentally designed to protect private economic interests, not the healthcare of populations, especially those who need it the most, including the growing numbers of older people in the developing world (Labonte, 13, 2002).

The TRIPS Agreement is at least partially responsible for the fact that people in many developing countries pay more for prescription drugs as a percentage of healthcare costs and personal income than those in developed countries. The TRIPS Agreement limits "free" trade by protecting the intellectual
property rights of transnational corporations, including pharmaceutical firms. The ability of developing countries to produce and distribute generic drugs is limited to public health emergencies through TRIPS protected patent rights, which is a major reason that developing countries spend two to three times more of their healthcare dollars on prescription drugs as developed countries. This leaves far fewer dollars for other healthcare services like public health and long-term care programs (13, p. 10).

The North American Free Trade Agreement (NAFTA) reinforces GATT provisions for privatization of services like healthcare. The proposed Free Trade Agreement of the Americas (FTAA) would essentially extend these reinforced privatization provisions to all of Latin America. This is why critics of NAFTA and the FTAA are advocating a full “carve-out” of healthcare and other essential public goods from these and all future treaties.

A “carve-out” for healthcare is considered necessary by the critics in order to prevent further erosion of healthcare services in Latin American where U.S. style inefficiencies and inequities could soon made current healthcare access and quality even worse. Already in Brazil “private healthcare provides 120,000 physicians and 370,000 hospital beds to the richest 25% of the population, while the public sector has just 70,000 physicians and 565,000 hospital beds for the remaining 75%” (14). As noted by Jorge Nef (15, p. 38), some of these treaties are fundamentally about:
Freer trade as defined by GATT and now WTO, NAFTA and the soon-to-be FTA rules is not about freer technology diffusion and utilization for societies to solve their problems. It is rather about capital mobility, profits, less social control, and the commodification of social values. This type of globalization is intrinsically dysfunctional to health security.

The ethics of globalization

Can ethics and moral reasoning play a politically efficacious role in helping remedy the grave inequalities in the global economy and in creating/restoring the capacity of the developing countries to meet the needs of their vulnerable populations, including the elderly? Can ethics help create the conditions for more democratic control of market forces, which is essentially a matter of political agency?

We think John Rawls' (16) theory of social justice offers at least a preliminary means of developing a framework for addressing equality and justice in the global context. Rawls' fundamental position is that inequalities are arbitrary and cannot be convincingly defended in ethical terms, unless elimination would make the most disadvantaged (the poorest) even more disadvantaged. That is, socioeconomic inequalities are acceptable only to the extent that the prospects of the least well-off are as optimal as they can reasonably be expected to be. Inequalities cannot be justified through some utilitarian calculus that allows advantages to the better-off to balance out or outweigh the disadvantages to the
least well-off as some economists do in focusing only on GNP growth rates or per-capita wealth and ignoring increasing levels of inequality or impoverishment among the worst-off members of a society. In the utilitarian calculus, the needs and interests of the least well-off disappear as the distinction between persons is ignored in calculating total benefits for society as a whole. For Rawls (16), priority should be given to improving the condition of the least well-off before considering benefits for a whole society.

Rawls (16) has recently extended his analysis to incorporate relations among nations within a framework provided by the concept of “law of peoples.” Because cultural and religious pluralism is qualitatively greater at the international than the national level, relations among nations should be based on recognized principles of international law, including respect for the freedom and independence of peoples, the honoring of treaties and the limiting of war to cases of self-defense. According to this “minimalist” application of the liberal theory of justice to relations among nations, vaguely defined as peoples, there is no ethical or legal basis for supporting a cosmopolitan regime which would operate globally to redistribute wealth from affluent to poor nations according to a global difference principle. The only obligation imposed on wealthy nations by Rawls’ “law of peoples” is to assist poor nations (peoples) in their efforts to achieve a level of economic development necessary to support liberal, democratic institutions and to oppose outlaw states that violate human rights and threaten the
peace of liberal, decent people. Until a liberal political culture exists at the international level, these established principles of international law are the best we can hope for as a framework for peaceful relations between liberal and non-liberal peoples.

Rawls’ (16) “law of peoples” has been criticized as too limited in scope to be an effective mechanism for addressing the vast and growing inequalities among populations in the global economy. Amartya Sen (1), for example, points out that by focusing so narrowly on relations among whole societies, Rawls ignores features of individuals’ identities other than national memberships, including gender, race, religion and economic status, which devalues the efficacy of cross-border solidarity among individuals and groups based on these and other features of shared human identity. Leif Wenar (17) contends that the foundation for a global political culture is substantially in place in the form of numerous documents of international law, such as human rights declarations which have been interpreted as applying to relations between individuals and their governments. Thus, according to Wenar, the emergence of a global political culture creates the conditions for a global difference principle which can be used to regulate economic inequalities between peoples in a manner designed to benefit the least well-off.

If we were to extend this egalitarian standard of social justice beyond individuals within nations to the increasingly unequal relationships between
countries within the global economy, we would have to conclude that the global economy is fundamentally unjust insofar as most of the best-off countries continue to grow richer as most of the worst-off countries become poorer. The injustice of these increasingly unequal relationships is compounded by the growing inability of the worst-off countries to meet the needs of their people, especially the most vulnerable among them. It would strain credulity to claim that efforts to reduce this inequality and improve the capacities of developing nations to meet the socioeconomic and health needs of their populations would make them even worse-off or to claim that the vast inequalities in the global economy somehow make the prospects of the least well-off as optimal as they can reasonably be expected to be. The argument is sometimes made that the sweatshop economies of developing countries are just a prelude to economic growth and prosperity. The data, however, showing increasing poverty in developing countries and growing inequality between them and developed countries over the last 20 years do not support this view.

In the context of the global economy, Rawls' (16) theory of social justice is substantially compatible with the ethics developed by liberationist theologians and philosophers in South America over the last three decades. The major contribution of the liberationists has been to add socioeconomic rights to the human rights agenda, making it an effective resource for an ethical critique of the global economy and a more politically efficacious framework for action. From
the early 1970s into the 1980s, the liberationists were critical of the human rights movement with its virtually exclusive focus on certain procedural, juridical rights. As important and fundamental as the right to not be tortured and the other juridical rights are, the liberationists were concerned about the absence of socioeconomic rights from the human rights agenda.

By the early 1980s, liberationist theorists began to move beyond criticism of the human rights agenda toward the expansion of the concept of human rights which incorporated their broader vision of social justice and their affirmation of the foundational right to life of the poor. According to the liberationists, the human rights agenda must include a “preference for the poor” (the least well-off), if it is to make a substantive difference in the lives of the masses who have never been included in the social contract, and who make up the greatest number, but have never been included in the greater good. This broader vision of human rights anchored in a “preference for the poor” gives the liberationists the ethical leverage they need to address the main deficiencies of the conventional human rights philosophy—absence of a systemic vision of justice, moral absolution of the developed countries and the condemnation of conflict regardless of socioeconomic hardship and inequalities. They are able, in short, to turn the human rights agenda into an ethical framework for the pursuit of greater equality among nations as well as between people within nations. According to Engler (18), liberationists (24, p. 360):
highlight rights of the poor that force people to interrogate systems—
righst such as the right to work, the right to participate in political and
economic systems, and the right to transform society, as well as the right
to equality. Furthermore, liberation theologians stress the importance of
using this discussion to break down the established dichotomies of rights
discourse: the rights of the poor are both in personam, as poor
individuals are able to demand relief from specific abuses, and in rem, as
society must create structures that can provide this relief more generally.
They are both concrete, a set of actual substantive entitlements that the
poor can demand, and abstract, providing ethical norms to guide public
discourse.

The liberationists' focus on "actual substantive entitlement" may be linked
to Martha Nussbaum's (19) concept of human capabilities and the right of all
individuals to have access to the resources required to achieve them within a
framework of distributive justice that extends across national boarders (20, p. 16):

Nussbaum thinks that analyzing rights in terms of capabilities allows us to see
more perspicuously what is involved in securing a right rather than merely
declaring it. Equal rights are not enjoyed simply in virtue of setting such equality
of paper; only by asking whether people are in fact equally capable of doing
certain things will we become aware of complexities to which the discourse of
rights does not, by itself, call attention. The question may even provide a
rationale for differential investments for the sake of guaranteeing equal rights.
The concept of basic human capabilities which prioritizes equality of access to resources needed to achieve them provides the basis for cross-cultural standards that can be used to assess the justice of societies with different social and constitutional characteristics—these standards can help us perceive global injustices and guide political initiatives designed to address them.

Pogge’s (21) emphasis on securing access to relevant goods (health, education and employment resources) which are required to achieve capabilities and allow individuals to flourish and his view that legal rights are just one means of assuring access are also consistent with the liberationist’s concept of “actual substantive entitlements.” Legal rights in the absence of access to the resources required to fulfill basic human capabilities are not a sufficient means of achieving a morally persuasive or practical concept of justice. To the extent that rights are fundamentally based on access to resources, all societies should be expected to provide its members access to the resources (goods) required to achieve their capabilities to the maximum extent possible. Furthermore, human rights transcend single societies in that they are the basis for transnational moral claims against those who collaborate in the denial of access to the resources required to achieve the capabilities that are fundamental to the concept of human rights (21). This transnational obligation falls most heavily on the richest and most powerful agents (public and private) who collaborate in blocking access to these resources.
Ethics alone, of course, will not cause the kind of changes needed to stabilize the global economy and reduce the enormous inequalities between the developed and developing countries and increase the capacity of the latter to meet the needs of their citizens. Ethics can and must, however, play a necessary, if far from sufficient, role in addressing these issues.

We think Rawls' (16) theory of justice and the liberationist philosophy give us some purchase on the creation of an ethical framework, which can be used to critique current practices in the global economy and to generate more humane policies. Other ethical perspectives may prove to be even more effective. The point is to take ethics seriously in the context of globalization and begin the work that needs to be done. Planned command and control economies have failed, in part, because of their ethically indefensible consequences, including political oppression and the destruction of freedom. Purely *laissez faire*, neo-liberal policies, however, with their destructive inequalities and Darwinian ethics will not work any better in the long run. More ethically sensitive and defensible policies can produce better outcomes, not just in terms of the quality of life of people in developing countries, but also in terms of a more stable and sustainable world economy.

The role of ethics is implicit in Casanova's view of the unmet gap between analysis and action in the context of globalization (6, pp. 46-47):
No matter how profound and precise the analysis of what is happening, a radical analysis will not by itself lead to effective political action. At the moment of action, it turns out to be very difficult to structure an alternative policy. Even repentant neoliberals are unable to do it easily, as are reformists or revolutionaries, should they attempt to act. The lack of bridges between what might be called radical analysis and alternative political action leaves analysis standing alone as no more than deliberation, protest, or complaint, having no effect. . . . rupture between scientific and political discourse occurs today, perhaps more than ever, between analysis of what is really happening and what should be done so that the human species may save the planet by putting an end to the excesses of consumption and hunger.

The operative phrase here is “what should be done,” a fundamentally ethical matter that cannot be evaded through analysis alone or ideologically driven notions of inevitability. Ethics and moral reasoning have a major role to play in creating a consensus in support of initiatives to reduce the inequalities of the global economy (20, p. 28):

. . . in the absence of well-established institutions to promote justice across national borders, for the present, progress in this area is largely dependent on the persuasive force of moral reasons. Yet given the complexity of the problems of justice proliferating at the global level, this is a task that can ultimately be accomplished only with the aid of
institutions that allocate responsibilities, coordinate actions, adjudicate
conflicts, and enforce obligations.

In the next section we discuss a number of political strategies and models
that could be used to begin bridging the gap between analysis and action, between
ethics and politics in the global environment.

_Toward a just global society_

Malcolm Bull (22) has observed that globalization appears to have created
a world of increasing risk (of social, economic, environmental and physical
vulnerability) without a corresponding means of control, other than a resort to
military interventions, which often have the result of creating whole new arenas
of risk and cost. In the wake of the terrorist attack on September 11, 2001 against
the U.S., Bull thinks that success in containing terrorism and avoiding a fiasco
like the ‘war on drugs’ will require global social inclusivity and reciprocity, and a
focus on international governance, a global authority, that would make inclusivity
and reciprocity achievable. In his view, the U.S. can help create a safer world by
offering other countries the opportunity for fair participation in global society and
constraining the operation of the market, especially finance capital.

However, before the U.S. could even begin to contemplate a human
welfare approach to the management of a global-risk society rather than a
complete dependence on a military response to terrorism, current policies would
have to be reversed. Recent tax cuts (which will total over two-trillion dollars
once fully enacted), the slide from budget surpluses back into deficits for the next several years, and the large increases in military spending may all well undermine the U.S. government’s capacity to maintain its own, relatively limited, social welfare system over the next several years, and especially after 2010. In all probability, the U.S. is facing a major political struggle over the future of the Social Security and Medicare programs for the elderly, whose number will more than double over the next 25 years. If the U.S. is facing a major political debate over the status of its own domestic welfare program, it is difficult to envision how it can become a leader in extending these benefits globally. It is not impossible, however, just difficult. The costs and failures of military containment of sources of risk may, in time, lead to new thinking about alternatives to neoliberal and military strategies of managing globalization. Some of these alternatives might include a minimal global welfare system and new institutions for the regulation of the global economy, especially finance capital. Support within the U.S. for these kinds of alternatives could emerge if a significant fraction of the political elite and the general population were finally to recognize that (23, p. 49):

... the real challenge for capitalism is to demonstrate that it can tackle the North-South divide. It is possible to imagine a capitalism that could tackle this divide: the kind of New Deal-Keynesian-Social Democratic capitalism that accepted the Welfare State model after the Second World War. But that capitalism was born under the spur of the challenge from