Discurso proferido pelo **Prof. Doutor Amartya Sen**, Prémio Nobel da Economia 1998, no Instituto Superior de Economia e Gestão (ISEG) em 9 de Julho de 2001, aquando do seu Doutoramento *Honoris Causa* pela UTL.

Globalization and Global Protests[1]

Amartya Sen

I must begin by saying how deeply honoured I feel by this award of an honorary degree by the technical university in Lisbon. I feel very privileged to be associated with this distinguished university in this remarkably gratifying way. It is also wonderful for me to visit Lisbon - and Portugal - again. My own country. India, has had a very long and culturally enriching association with Portugal, dating back to 1498, when Vasco da Gama sailed his four ships into Calicut in late May, 503 years ago. Imperial connections carry with them a deeply dialectical relationship, in which frictions and confrontations live side by side with interaction and collaboration, and the relation between Portugal and Portuguese India has been no exception. Through this long relation over half a millennium, the Portuguese influence on India remains strong even today, in a great many areas. There is a continuing connection here, which can be developed much further an the contemporary world.

When I was fortunate to receive the Nobel Prize in economics, in 1998, I had the wonderful company of José Saramago, the great novelist and writer from Portugal. His sense of commitment to humanity, in addition to his wonderful literary style, was justly celebrated, and I was much privileged to be with him in these ceremonies. Saramago's writings draw attention, among other things, to the dual presence of opulence and agony in the world that we inhabit. Our world is both remarkably comfortable and thoroughly miserable. There is unprecedented prosperity in the world, which is incomparably richer

than ever before. The massive command over resources, knowledge and technology that we now take for granted would be hard for our ancestors to imagine. But ours is also a world of extraordinary deprivation and of staggering inequality. An astonishing number of children are ill-nourished and illiterate as well as ill-cared and needlessly ill. Millions perish every week from diseases that can be completely eliminated, or at least prevented from killing people with abandon.

One of the questions that we have to face immediately is this: given the gravity and consequences of the contrasts between the comforts and the miseries that we see in the world, how do most of us manage to live untroubled and unbothered lives - ignoring altogether the inequities that characterize our world? Is the avoidance of ethical scrutiny the result of our lack of sympathy for each other - a kind of moral blindness or breathtaking egocentrism that afflict and distort our thinking and actions? Or is there some other explanation that is consistent with a less negative view of human psychology and human values?

This is not an easy issue to settle, but let me begin by arguing that our indifference and complacency may well be connected with a failure of our understanding, rather than reflecting a basic lack of human sympathy. A cognitive failure can arise both from unreasoned optimism and from groundless pessimism, and oddly enough, the two can sometimes unite. To begin with the former, the obdurate optimist tends to hope, if only implicitly, that things will get better soon enough. The combination of processes, such as the flourishing market economy, that has led to the prosperity of some in the world will presently lead to similar prosperity for all. In this glowing perspective, the doubters tend to appear to be soft in head, whether or not they are kind in heart. “Give us time don´t be so impatient,” asserts the voice of contented optimist.

On the other side, the stubborn pessimists acknowledge - indeed emphasize - the continuing misery in the world. But they are, frequently enough, also pessimistic about our ability to change the world significantly. “We should change things if we can, but to be realistic, we really cannot,” goes that argument. Pessimism can - and often does - lead to a quiet acceptance of a great many ills. There is, thus, a partial but effective congruence between the stubborn optimist and the incorrigible pessimist. The optimist finds resistance unnecessary whereas the pessimist finds it to be useless. As James

Branch Cabell put it (reacting to a very different manifestation of this conundrum), "The optimist proclaims that we live in the best of all possible worlds; and the pessimist fears this is true." The opposing viewpoints unite in resignation. Global passiveness is, thus, fed not just by moral blindness, and by apathy and egocentrism, but also by a conservative unity of radical opposites. Persuaded - or at least comforted - by our alleged inability to do any good (either because it is not needed or because we cannot make any difference anyway), we can lead our own lives, minding our own business, and not see anything morally problematic in quietly accepting the inequities that characterize our world. Ethics can be killed by premature resignation.

It is in this general context that we have to view the doubts about globalization that we see in the world today, including the protest movements which have made organized international meetings so hard to hold. These protests have many features (some of them rather hard to tolerate, including arrogance and violence), but they can be, at one level, seen as a challenge to the ethical complacency and inaction generated by the coalition of optimists and pessimists. The protest movements are often ungainly, ill-tempered, simplistic, frenzied and frantic, and they can also be highly disruptive. And yet, at another level, they also serve the function, I would argue, of questioning and disputing the unexamined contentment about the world in which we live. In this sense, the global doubts can help to broaden our attention and extend the reach of policy debates, by confronting the *status quo* and by contesting global resignation and acquiescence. That, it can argued, is a creative role of doubts, even if some of the presumptions and many of the proposed remedies that go with the protest movements are themselves underexamined and unclear. It is important to recognise that the question-mongering role of doubts can itself be creative and productive, and we have to separate the disruptive parts of the protest movements from their constructive function.

The Nature of Globalization

The protest movements can, thus, be seen as expressing creative doubts. But doubts about *what*? There is, I would argue, a serious interpretational issue here. The protesters often describe themselves as "anti-globalization"? Is globalization a new folly? And are the protesters really against globalization, as the rhetoric of protests suggests?

The so-called anti-globalization protesters can hardly be, in general, anti-globalization, since these protests are in fact among the most globalized events in the contemporary world. The protests in Seattle, Melbourne, Prague. Quebec and elsewhere are not isolated or provincial phenomena. The protesters are not just local kids, but men and women from across the world pouring into the location of the respective events to have their global voice heard. Globalized interrelations can hardly be what the protests want to stop, since they must, then, begin by stopping themselves.

I should presently come back to the question as to how we may sensibly view what the protests are about, but before that, let me turn to the other question: Is globalization a new folly? I would argue that globalization is neither especially new, nor in general, a folly. A historical understanding of the nature of globalization can be quite useful here. Over thousands of years, globalization has contributed to the progress of the world, through travel, trade, migration, spread of cultural influences, and dissemination of knowledge and understanding (including of science and technology). To have stopped globalization would have done irreparable harm to the progress of humanity.

Furthermore, even though globalization is often seen these days as a correlate of Western dominance (indeed a continuation of Western imperialism), consideration of history can also help us to understand that globalization can run in the opposite direction as well. To illustrate, let us look back at the beginning of the last millennium rather than at its end. Around 1000 A.D., global spread of science, technology and mathematics was changing the nature of the old world, but the dissemination then was, to a great extent, in the opposite direction to what we see today. For example, the high technology in the world of 1000 A.D. included paper and printing, the crossbow and gunpowder, the clock and the iron chain suspension bridge, the kite and the magnetic compass, the wheel barrow and the rotary fan. Each one of these examples of high technology of the world a millennium ago was well-established and extensively used in China, and was practically unknown elsewhere. Globalization spread them across the world, including Europe.

A similar movement occurred in the Eastern influence on Western mathematics. The decimal system emerged and became well developed in India between the second and the sixth century, and was used extensively also by Arab mathematicians soon thereafter. These mathematical innovations reached Europe mainly in the last quarter of

the tenth century, and began having its major impact in the early years of the last millennium, playing a major part in the scientific revolution that helped to transform Europe. Our global civilization is a world heritage - not just a collection of disparate local cultures.

Indeed, Europe would have been a lot poorer - economically, culturally and scientifically - had it resisted the globalization of mathematics, science and technology at that time. And the same applies - though in the reverse direction from West to East - today. To reject globalization of science and technology on the ground that this is Western influence and imperialism would not only amount to overlooking global contributions - drawn from many different parts of the world - that lie solidly behind so-called Western science and technology, but would also be quite a daft practical decision, given the extent to which the whole world stands to benefit from the process. To identify this phenomenon with the "Western imperialism" of ideas and beliefs (as the rhetoric often suggests) would be a serious and costly error, in the same way that any European resistance to Eastern influence would have been at the beginning of the last millennium We must not, of course, overlook the fact that there are issues related to globalization that do connect with the imperialism (the history of conquests, colonialism and alien rule remains relevant today in many different ways), but it would be a great mistake to see globalization primarily as a feature of imperialism. It is much bigger - much greater - than that.

The Well-frog and the Global World

The polar opposite of globalization would be persistent separatism and relentless autarky. It is interesting here to recollect an image of seclusion that was invoked with much anxiety in many old Sanskrit texts in India, beginning from about two and a half thousand years ago. This is the story of a well-frog – the *Kupamanduka* - which lives its whole life within a well and is suspicious of everything outside it. Beginning from about 500 B.C., there are at least four Sanskrit texts, viz. *Ganapath, Hitopadesh, Prasannaraghava,* and *Bhattikavya,* that warn us not to be well-frogs. The well-frog does, of course, have a "world view," but it is a world view that is entirely confined to that little well. The scientific, cultural and economic history of the world would have

been very limited had we lived like well-frogs. This remains an important issue, since there are plenty of well-frogs around today - and also, of course, many solicitors and advocates of well-frogs.

The importance of global contact and interaction applies to economic relations among others. Indeed, there is much evidence that the global economy has brought prosperity to many different areas on the globe. Pervasive poverty and "nasty, brutish and short" lives dominated the world a few centuries ago, with only a few pockets of rare affluence. In overcoming that penury, modern technology as well as economic interrelations have been influential. And they continue to remain important today. The economic predicament of the poor across the world cannot be reversed by withholding from them the great advantages of contemporary technology, the well-established efficiency of international trade and exchange, and the social as well as economic merits of living in open rather than closed societies. Rather, the main issue is how to make good use of the remarkable benefits of economic intercourse and technological progress in a way that pays adequate attention to the interests of the deprived and the underdog.[2] That is, I would argue, the principal question that emerges from the anti-globalization movements. It is, constitutively, not a question about globalization at all, and the linkage with globalization is only instrumental and contingent.

Fair Sharing and Acceptable Solutions

What then is the main point of contention? The principal challenge, I would submit, relates, in one way or another, to inequality - international as well as intranational. The inequalities that irk concern disparities in affluence, and also gross asymmetries in political, social and economic power. The issue of inequality relates centrally to the disputes over globalization. A crucial question concerns the sharing of the potential gains from globalization, between rich and poor countries, and between different groups within a country. It is not adequate to understand that the poor of the world need globalization as much as the rich do, it is also important to make sure that they actually get what they need. This may require extensive institutional reform, and that task has to be faced at very the same time when globalization is defended.

There is also need for more clarity, in formulating the distributional questions that

have to be asked. It is not adequate to ask whether the poor are getting poorer or richer. Even if the poor were to get just a little richer, this need not imply that the process is moving adequately fast, or that the poor are getting a fair share of the benefits of economic interrelations and of the vast potentials of globalization. Nor is it adequate to ask whether international inequality is getting marginally larger or smaller. The basic concern is the massive level of inequality - not whether it is also getting a little larger at the margin. In fact, it is rather hard to have a clear picture of the trend of global economic inequality. Much depends on the periods selected and the indicators chosen (the variables in terms of which inequality and poverty are judged), and also on the groups identified (since their fortunes have varied). But the more important point is that this debate about marginal trends need not be settled to get on with what really is the central issue, to wit, the massive levels of inequality and poverty that exist in the world. Even if the patrons of the contemporary economic order were right in claiming that the poor in general had moved a little ahead (this is, in fact, by no means uniformly so - in many cases quite the contrary), the compelling need to pay immediate and overwhelming attention to appalling poverty and staggering inequalities in the world would not disappear. And to rebel against massive inequality, or protest against unfair sharing of benefits of global cooperation, it is not necessary to show that this massive inequality or distributional unfairness is also getting marginally larger.

The central questions have often been so clouded by over-intense debates on side issues (to which both sides have contributed) that conceptual clarity is quite badly needed. When there are gains from cooperation, there can be many alternative arrangements that benefit each party compared with no cooperation. It is necessary, therefore, to ask whether the distribution of gains is fair or acceptable, and not just whether there exist earn gain far all parties (which can be the case for a great many alternative arrangements. As J. F. Nash, the mathematician and game theorist, discussed more than half a century ago (in a paper called “The Bargaining Problem” published in *Econometrica* in 1950, a paper that was among his writings that were cited by the Royal Swedish Academy in awarding him the Nobel Prize in economics), in the presence of gains from cooperation, the central issue is not whether a particular arrangement is better for all than no cooperation (there are many such alternatives), but whether that was a fair

division of the benefits. The criticism that a distributional arrangement from cooperation is unfair cannot be rebutted by just noting that all the parties are better off than would be the case in the absence of cooperation. For example, to argue that a particularly unequal and sexist family arrangement is unfair, it does not have to be shown that women would have done comparatively better had there been no families at all, but only that the sharing of the benefits of the family system is seriously unequal in that particular arrangement. The issue on which many of the debates have concentrated, to wit, whether the poor too benefit from the established economic order, is inadequately probing indeed it is ultimately the wrong question. It has to be asked whether they could have benefited more and could have a fairer deal. That is what the fuss about globalization is about.

The Market and Well Beyond

The use of the market economy is consistent with many different ownership patterns, resource availabilities, social opportunities, rules of operation (such as patent laws, anti-trust regulations), etc., and they can produce different prices and terms of trade and quite diverse overall outcome, with varying levels at inequality and poverty: The central question cannot be whether or not to use of the market economy. That question is easy to answer, since it is not possible to have a prosperous economy without extensive use of markets. But that recognition does not end the discussion - only initiates it.

The market economy can generate very many different results, depending on how physical resources are distributed, how human resources are developed, what rules of the game prevail, and so on. In each. of these spheres, economic, social and political institutions have roles to play, within a country and in the world. The market is one institution among many, and its irreducible importance does not make the other institutions insignificant, even in terms of the results that the market economy itself will produce. It is no less important to understand the contribution of non-market institutions and their constructive functions as it is to appreciate the role of the market itself to facilitate (rather than stifle) its productive operation.

Global Asymmetries and International Institutions

Perhaps the most important thing on which to focus is the far-reaching sale of

non-market institutions in determining the nature and extend of inequalities. Indeed, political, social, legal and other institutions can be critically significant in making good use even of the market mechanism itself - in extending its reach and in facilitating its equitable use. Their overwhelming importance are relevant to appreciate in interpreting and explaining disparities *between* nations and also *within* nations

Development of appropriate non-market institutions is as important for tackling between-nations inequality as it is for addressing within-nation disparities. The need for a global commitment to democracy and to participatory governance can hardly be overstressed. Contrary to an often-repeated claim, there is no basic conflict between promoting economic growth and supporting democracies and social rights, and in fact democratic freedoms and social opportunities can contribute substantially to economic development. However, as George Soros has pointed out, international business concerns often have a strong preference for working in orderly and highly organized autocracies rather than in activist and less regimented democracies, and this can be a regressive influence on equitable development)[3]. Further, multinational firms can also exert their influence on the priorities of public expenditure in less secure third-world countries in the direction of giving preference to the safety and convenience of the managerial classes and at privileged workers over the removal of widespread illiteracy, medical deprivation and other adversities of the underdogs of society. These possibilities do not, of course, impose any insurmountable barrier to development, but it is important that the surmountable barriers be diagnosed and actually be surmounted.

Aside from the impact of asymmetries in global economic power the distribution of the benefits of international interactions depends also on a variety of global social arrangements, including trade agreements, patent laws, medical initiatives, educational exchanges, facilities for technological dissemination, ecological and environmental restraints, and fair treatment of accumulated debts (often incurred by irresponsible military rulers of the past who were in many cases encouraged by one side or the other in the Cold War which was particularly active over Africa). These issues urgently need global attention.

So does the issue of the management of conflicts, local wars and global spending on armament (often encouraged by arms-selling rich countries). For example, as the

Human Development Report 1994 of the United Nations Development Programme pointed out, not only were the top five arms-exporting countries in the world precisely the five permanent members of the Security Council of the United Nations, but also they were, together, responsible for 86 per cent of all the conventional weapons exported during the period studied[4] It is not difficult to understand why the Security Council has done so little to curb and restrain the merchants of death.

Continuing Debates and Confrontations

As it happens, the international economic, financial and political architecture of the world, which we have inherited from the past (including institutions such as the World Bank, the I.M.F., and other institutions), was largely set up in the 1940s, following the Bretton Woods Conference in 1944. The main challenge at that time was to respond to what were then seen as the big problems of the post-war world. In the middle 1940s, the bulk of Asia and Africa was still under imperialist dominance of one kind or another (mainly British, French or Portuguese), and was hardly in a position to challenge the institutional divisions of power and authority that the allied powers imposed on the world. Tolerance of economic insecurity and of poverty was much greater then than it is today; the idea of human rights was still very weak; the power of NGOs had not emerged yet; and democracy was definitely not seen as a global entitlement.

The world is a very different place now from what it was then. The force of global protests partly reflect a new mood and a fresh inclination to challenge the world establishment, and it is, to a great extent, the global equivalent of the within-nation protests associated with labour movements and political radicalism. Indeed, the recent outbursts of global doubts have something in common with the spirit of an old American song - a defiant verse traced to the great Leadhelly:

In the home of the brave, land of the free,
I will not be put down by no bourgeoisie.

In fact, of course, radicalism was not really as powerful in America then as the song suggests, but the determined spirit which it reflected contributed, over time, to many practical changes, and even ultimately to the power of organized labour about which so many industrialists complain so much today.

To some extent, there is a parallel here with global protest movements: they are not particularly powerful yet in organizational terms, but they are, to a great extent, an intimation of things to come. Since the questions they raise are real, adequate answers have to be sought, no matter how unpolished, crude and breathless the protesters may look to the world establishment. There *is* a need for change. The world of Bretton Woods is definitely not the world of today, and there is a strong case for far-reaching reexamination of the institutional structure of the international world. Indeed, I do not believe that the constructive possibilities of protest movements can be harnessed, nor their destructive presence removed, without some kind of a clearly characterized institutional response.

This has, of course, already begun to occur in the form of changing priorities within international institutions. For example, even though the removal of poverty and deprivation was not the major object of the Bretton Woods resolutions, it has now become, at least formally, the acknowledged principal goal of the World Bank. There is more rethinking on the burden of debts of poor countries, and also on the older IMF-World Bank practice of imposing grossly formulated “structural reforms” on poor countries often with damaging consequences on social infrastructure. These are good directions for change, but much more will be needed, especially in terms of institutional construction (for example, through setting up dedicated agencies to deal with global equity and the environment). While welcoming what is happening already in the established institutional structure (such as the World Bank), there has to be a clearer recognition of the need for a larger departure from the international architecture inherited from the Bretton Woods.

The United Nations, including the Secretary-General’ s Office, can play a much bigger part in forcing attention on these broader institutional as well as policy concerns, particularly if the U.N. is liberated from the penury in which it has been typically kept by inadequate financial provisions and by the refusal of some member countries to pay their dues. These issues need urgent attention, and. doubts provide a better starting point that complacency.

Concluding Remarks

To conclude, there is a compelling need in the contemporary world to ask questions not only about the economics and politics of globalization, but also about the values and ethics that shape our conception of the global world. It is particularly important not to be overwhelmed the mixture of obdurate optimism and senseless pessimism that leads to global resignation and complacent acquiescence.

We have to think not only about the moral commitments of a global ethics, but also about the practical need for extending the institutional provisions in the world and also of expanding enabling social institution within each country. It is particularly important to take note of the complementarity between different institutions, including the market, but also democratic systems, social opportunities, political liberties, and other institutional features - old and new. And newer institutional departures will be needed both to address the substantive issues raised by global doubts, and to halt the cycle of non-communication in which the protest movements have increasingly tended to confine themselves.

The global protests of activists across the world can indeed play an importantly constructive role. However, in order for that to happen, we have to assess these movements and challenges in terms of the global questions they pose, rather than in terms of the apparently anti-globalization answers that their slogans offer. Indeed, the anti-globalization protests are themselves part of the general process of globalization, from which there is no escape and no great reason to seek escape. But while we have reason enough to support globalization in the best sense of that idea, there are also critically important ethical and practical issues that need to be addressed at the same time, We need global ethics as wel1 as global doubts. What we do not need is global complacency in the iniquitous world of massive comfort and extreme misery in which we live. We can - and must - do better than that.

ENDNOTES

[1] Text of talk given at the Honorary Degree ceremony at :the Technical University of Lisbon on 9th July 2001. Similar issues have also been discussed in my Falcone Memorial Lecture in May in Palermo, Italy.

[2] Discussed more fully in my *Development as Freedom* (New York: Knopf; Oxford and Delhi: Oxford University Press, 1999).

[3] George Soros, *Open Society: Reforming Global Capitalism* (New York: Public Affairs, 2000).
[4] UNDP, *Human Development Report 1994* (New York: United Nations, 1994), pages 54-5, and Table 3.6.