

Moral philosophy of global capitalism

WAHIDUDDIN MAHMUD

MORAL philosophy is not an area of economists' comparative advantage. Oscar Wilde defined a cynic as someone who knows the price of everything and the value of nothing; and many people think that he was describing economists. Of course, there are other new candidates fitting that description, such as the allied forces in Iraq who seem to know the price of oil but not the value of archaeology. Carlyle held a similar dim view of economics when he termed it as a dismal science.

Economists feel wrongly accused, however, for they are usually not the cause of dismal happenings and bad news, but simply the messengers. The strongest link between economics and the real world has always been politics, which is why economics used to be called "political economy", for it is the politicians who put economics into practice. Economists also cannot help if people in their economic dealings act selfishly. As Adam Smith, in one of his famous statements, warned that businessmen seldom meet without plotting against the consumer.

Adam Smith was also a great believer of the virtues of the so-called "invisible hand" of the market, which is supposed to work through the self-interested behaviour of businessmen. As he made it clear: "it is not from the benevolence of the butcher...

...or the baker that we expect our dinner, but from their regard to their own interest." This was the origin of how "rational" behaviour in economics, defined in terms of maximising self-interest, was implicitly given a moral validity. Amartya Sen has lamented the singular focus of economics on the "profit motive". Fortunately, he says, the real world is richer in human qualities than described in economics textbooks.

It remains true, however, that if businessmen in their economic decision-making were to be guided by philanthropy rather than profit motive, markets could hardly function in any coherent manner. But this does not preclude the importance of their behaving in a socially responsible way -- at least in terms of abiding by the rules set for the proper functioning of the market. At the heart of capitalism is the act of investment, which involves one party lending money to another in the hope of a fair return. The system cannot function without trust -- trust that the money so lent will not be stolen or diverted to illegal purposes. The incredible accounting frauds involving the US giant companies like Enron or WorldCom, that led to the loss of billions of dollars worth of investment by ordinary shareholders, revealed the ethical bankruptcy of a large part of corporate America. In Bangladesh, we have seen how the financial institutions have been wrecked by some unscrupulous share traders or by the wilful defaulters of bank loans who took advantage of the laxity in regulation.

The moral issue regarding capitalism that has been the subject of greatest controversy is regarding the economic inequality that it creates. The issue came to the fore

ever since David Ricardo (1772-1823) concluded, rather dispassionately, about the inevitable impoverishment of the poor and the progressive concentration of wealth. For his detached view, Ricardo was taken to task, among others, by Ruskin, who called him a cold-blooded stockbroker.

Why should the poor countries worry about what is happening to US income distribution? First, because of the existence low-wage labourers within its own borders, the US has an interest in resisting labour-intensive imports from poor countries. Notice what Paul Krugman, the MIT economist, has to say on this: "We have the resources to take far better care of our poor and unlucky than we do; if our policies have become increasingly mean-spirited, that is a political choice..."

We cannot evade responsibility for our actions by claiming that

while the incomes of top 1 percent families have risen dramatically (Edward Wolff, *Top Heavy: A Study of the Increasing Inequality of Wealth in America*). One such trade barrier relates to the so-called 'labour standards' regarding exports from poor countries. Global effort is needed for providing essential healthcare in poor countries, as the patent rights of multinationals raise the costs of such healthcare. The annual resource costs of meeting all the basic needs of the poor worldwide are estimated to be only a fraction of what goes into defence spending. In other words, poverty exists because war and conflict continue. That is a huge "collateral damage". And the argument that the spending on arms helps keep the US and the global economy from falling into recession is not only morally wrong but also represents a form of vulgar Keynesianism.

the economic benefits of lessened pollution in developed countries. Also, the concern over a polluting agent that causes cancer will be much higher in the developed countries where people enjoy much higher longevity. Through the payment of enough compensation, such an arrangement between rich and poor countries can thus be made mutually beneficial. While Summers' economic logic is exemplary, he made the mistake of putting into words uncomfortable implications that most economists would prefer not to draw or at least not to draw in a memo that might be leaked to *The Economist* (February 8, 1992). I cite this example, because it clearly brings out how an apparently profitable economic arrangement can have a highly controversial ethical content. This also shows why the economics of globalisation needs to have a moral philosophy.

I started with Adam Smith who first provided the theoretical framework for capitalism based on the 'invisible hand' of the market and the self-interested behaviour of individuals. So, let me also conclude by citing the following quotation from his writing: "Man...ought to regard himself, not as something separated and detached, but as a citizen of the world, a member of the vast commonwealth of nature... and to the interest of this great community, he ought at all times be willing that his own little interest should be sacrificed." That is a remarkable statement made by the founder of the theory of capitalism. Notice that he talked not only of individuals' social responsibility, but also about the preservation of nature and the welfare of the global community. It is time to go back to this neglected part of Adam Smith's ideas.

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economics has remained as dispassionate as Ricardo. In order to garner the status of a scientific discipline, economic methods ruled out the comparability of different persons' wellbeing, thus refraining from making any value judgement regarding economic inequality.

To understand the moral implications of inequality under capitalism, consider this simple parable: There are two societies. In one, everyone makes a living at some occupation, say, fishing, and the amount people can earn over a year is fairly closely determined by their skill and effort. Incomes will not be equal in this society -- some people are better at fishing than others, some are willing to work harder than others -- but the range of incomes will not be that wide. And there will be a sense that those who catch a lot of fish have earned their success. In the other society, the main source of income is gold prospecting. A few find rich deposits and become rich, while many find themselves working hard for very little reward. The result will be a very unequal distribution of income. Some of this will still reflect effort and skill, but chance and luck play a more important role. In this society, even among the skilled and industrious prospectors, many will not get rich, while a few will become immensely so.

The vast majority of people in today's industrialised countries, no matter whether they are social democrats or conservatives, will instinctively agree that an economy resembling the second imaginary society is a worse place than one that resembles the first. Yet there is also no question that their own economies have increasingly become more like the harsh unequal society of prospectors than the benign society of fishermen. For example, here is a rough picture of what has happened in the US economy: The standard of living of the poorest 10 percent of families is significantly lower today than it was a generation ago. Families in the middle are, at best, slightly better off. Only the wealthiest 20 per cent have fared well,

global markets made us do so" (*New York Times*, February 13, 1997). Second, the above is hardly an encouraging blueprint of poor growth that the developing countries would like to copy and this is related to the ongoing debates on globalisation. Many proponents of globalisation see it as an entirely benign process through which capitalism and democracy as practised in the industrialised West will ultimately become the universal norm. An early announcement to this effect came from Francis Fukuyama, the author of *End of History*. In this view, globalisation will inevitably lead to converging world incomes as poor countries open up their economies, adopt market-oriented reforms and see their incomes rise.

The evidence of the last two decades or so speaks otherwise. Barring a few success stories, such as those of the East Asian 'tiger' economies including China, the rich-poor divide among nations has widened, not narrowed. More than ever before, the prevailing global economic scene is poverty amidst plenty. The global community faces the moral challenge, and has the wherewithal to address this problem. While no good alternative to global capitalism system may be in sight, at least efforts need to be made to cushion people from the worst of that system's brutalities. Already the search is on for a "third way", in between the state-controlled and the market economy. It looks like the *end of history* is not around the corner yet.

At the heart of capitalism's inhumanity lies the fact that the market is an amoral and often cruelly capricious master. To "humanise" the system, any responsible government has to take actions in areas where the market does a poor job -- such as providing social security for the poor, investing in basic health or protecting the environment. In the case of market failures at the global level, this "humanising" role cannot be done by individual states, but only by the nations of the world working together. This again is a moral challenge. Agreements on living of the poorest 10 percent of families is significantly lower today than it was a generation ago. Families in the middle are, at best, slightly better off. Only the wealthiest 20 per cent have fared well,

I would not go here into the many issues regarding the fairness of the international economic system. It is reasonable to guess that to a Martian observer of our planet's economy, the most striking puzzle would be why a worker in Bangladesh makes a tiny fraction of the wage of a worker in the industrialised West doing a similar manual job. A possible answer to this query is to tell the Martian that he is being naive and that he should go back to where he came from. But alternative answers could express concerns not only about lack of cross-border free flows of unskilled labour (while those of capital and high-skilled manpower are encouraged), but also about the trade barriers that are erected against products that use low-wage labour in the poorest countries.

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cates of labour standards must face the moral dilemma and ask themselves whether such trade sanctions will benefit, and not hurt, the very people whose welfare is at stake.

Let me give another example of the complex moral issues raised by economic globalisation. Lawrence Summers, while he was the Chief Economist at the World Bank in the early 1990s, wrote a memorandum to some colleagues making a "logical" case for the dumping of developed countries' toxic waste in poor countries. He argued that the costs of health-impairing pollution can be measured by the earnings of workers lost due to increased morbidity and mortality; and since the wage rates are much lower in poor countries, the economic costs of more pollution in the poor countries would be much less than

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Proverbs on poverty

Poverty does not need any verb or adverb. But in Bangla there are many a proverb, Hundreds of them for the damn fool, The butt of everybody's ridicule.

They say poverty destroys hundred virtues. But for many a deed that's also a good excuse.

They say a poor man's smile
It is just an idle gaping awhile.

A poor man's wedding?
With clothes tattered and shredding?
For him, it is just a four legs' meeting.

A poor man's death? Oh! When one dies,
For him it is simple, just closing one's eyes.

A poor man is not all that poor
He can be more sure
Than others who rely and depend on Him.
A poor man does often seem
To be independent of Him.
When he has nothing to eat
By fasting he just overcomes it

The poor is a jokeshit.
He has got the answer forthwith
For every awkward question.
An excellent suggestion

For a thing you don't like to be told in full.
We must be thankful to the poor prankful

His cracks, dirty, nasty, smart or wise,
His quips and cranks otherwise
May appear to be rude and crude
But that's his way of attaining certitude.
The poor man's pranks and antics,
Oh! That's the way of his heuristics.
Does he live in a bottomless basket?
But he thinks, that's his excellent safety net.

A poor man going to a psychiatrist?
What artist?
I mean a doctor that folks visit
In a mood of depression
Or when suffering from any repression.
A poor does not suffer from any depression,
Whatever may be the form of his repression.
For his blue moods and loose ends
He goes for a chat, an *adda* with his friends.

Seminars are held for poverty- eradication,
But none really on or for the poor, none.
On poverty poets love to rhyme.
On poverty artists love to mime.
An anarchist only says, "Blimey!"
I shall not rest till I destroy all things poor and slimy."

Muhammad Habibur Rahman is former Chief Justice and head of caretaker government

Drugs and crime transcend geographical boundaries

How can the NGOs and Civil Society assist in addressing the situation

KAZI RAFIQU ALAM

DRUGS have become a hydra-headed monster that is spreading all over the world giving rise to crimes of different forms and description which is a matter of concern for almost all strata of the society in many countries and their state machineries. Drugs and crimes no more remain limited within a country rather

these blur geographical boundaries. South-east and South-West Asia have become known for production of certain kinds of drugs. But most of the consumers are in the north and the west. So the movement of drugs takes place from the producing countries to the consuming points.

Since dealing in drugs is more or less restricted in many countries in varying degrees, production,

distribution and consumption of drugs generate crimes which may differ in degrees under different legal structures but the network of crime transcends the national boundaries. It may be noted here that there are many social, familial and psychological reasons which are responsible for addiction.

Drug abuse is increasing in the world as a whole. UNDCP estimates about 185 million people consume illicit drugs (annual prevalence 1998-2000). This includes 147 million for cannabis, 33 million for amphetamines, 7 million for Ecstasy, 13 million for cocaine, 13 million for opiates (of which 9 million for heroin).

Narcotic drugs

Drug is used in medical treatment in certain cases. The problem is with its abuse which gives rise to varied nature of problems which affect the person, the family and the society and the worst it defies geographical boundaries. Although different forms and kind of drugs are produced in some of the countries in both the hemispheres, yet south-west and south-east Asian countries are identified as the major producing areas of certain kinds of drugs.

Two important heroin-producing areas of the world are the Golden Triangle (south-east Asia) and Golden Crescent (south-west Asia) which are the two opium producing regions and the drugs moves to the west -- Europe, USA and Canada. There are several routes and means of transports. China is the main destination and transhipment point for Burmese heroin and equalled Thailand as the transit corridor for heroin exported from Burma. The products moves over land from Burma through southern China to Hong Kong, Macao and other regional commercial air and maritime centers for forwarding to Australia, Taiwan, Europe and North America. Laos, Vietnam, and Cambodia have emerged as secondary transit zones and markets for Burmese heroin and opium. Most Laoproduced heroin seems to be consumed domestically but Burmese heroin flows overland through Laos to China and Vietnam to the United States. Central American-Mexican corridor is the secondary transit route for South American heroin moving to the United States. Colombian heroin also moves to the United States through the Caribbean. A small amount of heroin is also smuggled to Europe. Most Mexican heroin crosses into the United States through south-west border, hidden in commercial and private vehicles. A small amount of Mexican heroin enters the United States directly on commercial flights.

Crime and terrorism

Drugs and drug abuse are inevitably linked to crime. Possession of drugs is illegal and dealing and trafficking are serious offences in many countries. The latter is mainly the business of organised crime. Big money is involved and profits are high. It is alleged that drugs like heroin and morphine have devastating effects on the persons who use them and murder is a phrase frequently used to describe heroin addiction. It is

charged that use of narcotic drugs leads to the commission of all kinds of serious crimes, particularly crimes of violence.

Drugs related crimes range from the family and society to the national and international levels. At the family level crimes are in the form of theft and violence. In many social structures, drug addicts are cut off from any legitimate supply. The underworld will supply him at a price. The price is high and most addicts do not have the kind of money necessary to feed a habit. The alternative is to find the money by some illegal means and in case of woman by prostitution. More serious are the crimes which involve the states. Although not the states themselves, big businesses of illicit drugs are sponsored by giants which are very powerful nationally and internationally. At times these giants influence the state decision-making and remain out of touch in many chasing and detection drives. Drugs and crime blur national boundaries, particularly crimes related to illegal trafficking and distribution of drugs. It is said that organised crime is nourished by the proceeds of the narcotics trade and organised crime feeds resources into terrorism. From a different point of view when the drugs produced in the south illegally moved or trafficked to the north and consumed there, it is simply patronisation of the international criminal activities and in some states drug (and also arms) dealing is significantly big commercial enterprise if not restricted activities.

Collaboration of NGOs with ODC

United Nations Office on Drugs and Crime (ODC) can take the world leadership in development of the NGOs at the country level can effectively work on supply

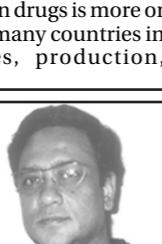
of international drug policy related to supply and demand reduction and sustainable development in this field. In the control of drug and crimes the NGOs are in a position to make substantial contribution. This they can do by creating awareness among the people about the objectives and purpose of the international conventions regarding control of drug and crime and also lobbying with the government to convince them about the needs, requirements and benefits of the conventions. They may work for persuading the government to adopt an integrated policy of control of drug and crime blending it with health issues. Within ODC policy health consideration should get due emphasis in the spectrum of drug and crime.

Conclusion

NGOs should try to form world opinion against drug, crime and arms. Once the world opinion against drug and arms gets momentum, crime is expected to come down. Since there is obvious relations between drug and crime where arms are the supporting element, for controlling drug and crime, control of arms should not escape our attention. ODC might exert their influence on the member-states to be true to their words in prevention and control of drug abuse and simultaneously in control of arms. The NGOs can assist the ODC in review and assessment of the drug and crime situation in their respective countries. Dealing in drugs and arms should be universally denounced. ODC may take the lead in this direction and the NGOs may assist the ODC.

The NGOs with their grass-root level experience are capable enough to create awareness among the masses, vulnerable groups and parents and guardians. What is necessary is UN assistance in influencing the nation-states to extend necessary support -- policy, legal structure and finance in running their programmes -- materials development and dissemination, training of activists and training for imparting social skills for rehabilitation of the addicts. Not only on rehabilitation, the NGOs at the country level can effectively work on supply

HAVE A NICE DAY



Dr. Rubaiul Murshed

All health information to keep you up to date

Fat, dieting and your health

All fat is not bad for you. Because 'fat' is the main fuel for the body. Unsaturated fats contained in foods like nuts and fish are essential fats needed by the body. They help build hormones and cells.

Dieting is not always good. It can make you put on weight. If the body doesn't get enough food, it goes into starvation mode. In starvation mode, the body stores everything it can as fat, so that it can survive. This slows the metabolism and if you start eating again your body stores that food as fat.

It is true that walking a kilometre burns around the same number of calories as running a kilometre. So you don't necessarily need to sweat it out to lose weight -- it just takes longer if you decide to walk.

It is not true that you can eat as much protein and carbohydrates as you like without putting on weight. There are also other things, which will make you put on weight. Excessive amounts of protein and carbohydrates can all be broken down and converted into fat. To sum up, it can be said 'you take in more energy than you burn up, you'll put on weight'.

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