

RESPONSE TO DR. STACKHOUSE'S ADDRESS

By Mr. Peter Whitney

Dr. Stackhouse's essay is provocative, incredibly rich in scholarship from many fields, and global in both worldview and in breadth of vision.

Having spent a Foreign Service career largely concerned with economic negotiation and analysis and now as a university economics teacher, I focus on Dr. Stackhouse's economic comments.

I share his concerns about exaggerated use of "rational choice" theory in economics and about the views of influential church organizations including the World Council of Churches, the World Reformed Alliance and the Lutheran World Federation. Regarding the former, treating religion as a consumer commodity that functions according to market forces is an example of the worst tendencies of academic economics - treating all human behavior as quantifiable and then running regressions to prove one thesis or another. Perhaps it is the result of the pressure to publish which outweighs the usefulness of the research. The early computer cliché of GIGO, "garbage in, garbage out" comes to mind.

As to the views of the influential church groups, who view globalization as "a totally immoral capitalist phenomenon, ideologically supported by the 'Washington Consensus,' designed so that rich nations can increase their exploitation of the poor" there is much more reason to be seriously worried. It is wonderful to hear such an eminent scholar from the Princeton Theological Seminary term these church views as "reductionist, based on a baptism of Marxist class analysis and its philosophy of history."

His point is so important that it led to many thoughts. First, the statement of the church groups would seem to condemn the majority of their members who carry out their work and responsibilities in an ethical way as they and their companies compete in domestic and global markets.

Second, regarding the "Washington Consensus" which the church groups seem to disapprove, I feel impelled to comment. What is the "Washington Consensus"? In my view it's simply a phrase that John Williamson of the Institute of International Economics (now Peterson IIE) coined to describe policies that he saw were beginning to be accepted in Latin America. He cited 10 reforms: fiscal discipline, a redirection of public expenditure priorities toward primary health care, primary education, infrastructure, tax reform (to lower marginal rates and broaden the tax base), interest rate liberalization, a competitive exchange rate, trade liberalization, liberalization of FDI inflows, privatization and deregulation. His observation seemed reasonably accurate to many people. The term began to be widely used and misused. He says the reforms were largely internally generated. Having lived a dozen years in Latin America, I agree. They were not imposed by the IMF, the World Bank and other Washington, DC institutions which detractors, in the rhetorical battle over economic policy, link to "neo-liberalism" or "market fundamentalism." My caveat on "Washington Consensus" is that "consensus" may have been too strong a descriptive word since many of the reforms were not fully or effectively implemented, and some countries adopted few of them. Look at the list of ten - what is so bad about those ten policies? The countries in Latin America and elsewhere that adopted more rather than fewer of these policies have been the ones with the greatest success in reducing poverty and the infant mortality rate, spreading education, and providing economic welfare to the greatest number of citizens. Does this not count to the church groups?

I think globalization includes economics, politics, religions, the drug trade, terrorism - anything that can transit easily across borders by many forms of transportation and the Internet. Dr. Stackhouse cites a sound definition by Roland Robertson and he notes varying perspectives. "Political scientists (and both politicians and public policy critics) treat globalization as the emerging realignment of power relations in a 'new world order' as the Soviet Union began to collapse and the United States became the only remaining power." He says economists "treat globalization essentially as an economic dynamic." That's fair. But is not the economic dynamic a necessary, if not sufficient condition, for globalization, or at least a common starting point? If the desire to trade and invest with people in other countries did not exist - would we be talking about globalization as the church groups do today? Doesn't globalization tend to begin with a breaking down of barriers to economic relationships desired by a critical number of people? Dr. Stackhouse notes that "material and ideal interests drove merchants and adventurers, monks and literati" to the Silk Road and other avenues of globalization. Would the various faiths have taken their ideals on these routes if material gain had not first impelled the establishment of the routes?

In 1930, the U.S. imposed the infamous Smoot-Hawley tariffs (average 60 percent). Many countries reciprocated with equally high tariffs and devaluations and world trade and investment was effectively shut down during the long years of the great depression, a period of anti-globalization. Hitler tried to build an empire - was that an attempt at globalization or was it more conquest and imperial subjugation?

When the present globalization began might be disputed. My vote would be for 1947, when 23 countries, including 10 or 11 in the underdeveloped category at the time,⁽¹⁾ formed the General Agreement on Tariffs and Trade and began a major liberalization of trade. Eight trade rounds following the 1947 one, some 150 nations have decided to sign onto the GATT and its new coordinating organization, the World Trade Organization (WTO). The result has been an explosion of trade, investment, tourism and all good and bad things across international borders. Why have so many countries worked hard to join the WTO, the facilitator of trade liberalization, if globalization is so evil as the church groups would have one believe?

Dr. Stackhouse's carefully examines the evidence and views from an incredible variety and wealth of sources. He considers earlier globalizations and the views of various faiths and comes back to charge of the church groups that globalization is just capitalism unleashed. Then, to an economist, he does something that seems an anathema to people that I have met from the Louisville headquarters of our Presbyterian church. He examines the works of major economists and social theorists and he notes that they are all critical of some policies that have influenced

globalization and that they do not share a monolithic view of globalization like some of its critics. Then he carefully answers the main claims of those who see a dark side to globalization. He summarizes his monumental research and concludes that "globalization is not impoverishing the poor," "inequality has grown, as is usual when new social values" enter the picture, "the most desperate people are found in state dominated economies," "confidence in state dominated economies has also been shattered by feudal, colonial, fascist, Peronist and Communist experience," "migration patterns of those seeking and 'economy of life' flows into areas where democratic capitalist systems are dominant" and that "more and more people are adopting globalized patterns of life" but are doing so selectively and preserving what is distinctive to their own values." If the leaders of the influential church groups read Dr. Stackhouse's essay on "Grace and Globalization" and Volume 4 of *God and Globalization*, would they

reconsider their extreme views that are so damaging to the mainstream Christian churches, views that are largely responsible for the dramatic and steady erosion of membership for decades?

Peter Whitney presently teaches economics at American University in the spring and in the Cross Continent MBA program at Duke in the fall. He is a retired Foreign Service Officer and a member of Immanuel Presbyterian Church in McLean, VA.

Endnotes

1. Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, the Czechoslovak Republic, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa, the United Kingdom, and the United States of America. So at least were LDCs or 11 if one counts Cuba, then one of the richest in Latin America.