

THE POSTMODERN ETHICS OF GLOBAL CAPITALISM

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Abstract

Global capitalism constitutes a concept surrounded by contention and controversy, fact which is evidenced by the abundance of studies regarding it, and probably the main feature which is nowadays questioned is its moral behaviour. The present study intends to provide an opposite explanation regarding the ethics of global capitalism by associating it with the contemporary movement of post-modernity. The aim of this paper is to demonstrate that global capitalism, since it reflects societies' ethics, cannot be intrinsically good or bad, but morally ambivalent, the determination of global capitalism to be more unprejudiced depending on the willingness of individuals to be moral.

Key-words: *global capitalism, postmodernity, ethics, moral behaviour*

JEL Classifications: A₁₃, F₀₁, I₃₁

Introduction

In the light of the recent events, i.e. the amplitude of the anti-globalization movements, the increasing numbers of fraud scandals and the world financial recession which lasts for several years, a discussion about the ethical nature of global capitalism is imminent. The general need for ethics in the Postmodern Era has its motivation in our almost complete freedom of choice, previously unavailable, that throw us in a state of uncertainty that has never been so agonizing.

Global capitalism, a concept meaning the rise of market capitalism around the world, is characterized by a global economy that is interconnected and networked across national borders and it requires a set of agreements regarding the 'rules of the game' whether these involve accounting regulations, or business norms (Centeno and Cohen, 2010). Some statistics provided by the World Bank can offer an overall economic perspective (World Bank, Maddison, 2010). According to it, the global economy is now larger than it has ever been; the world GDP increased six fold from 1950 to 1998 with an average growth of 3.9% per year, and each person in the world is now, on average, 7 times richer than 100 years ago. Between 1998 and 2008, the world economy has grown by more than a third and some of the poorer parts by two-thirds. Also, an estimated 200 million peoples, i.e. 3% of the global population, live as international migrants, and in 2009 they remitted roughly USD 414 billion, of which over USD 316 billion went to developing countries (IOM, 2010, p. 117). The two major drivers of change in global capitalism are perceived as technology, through the revolution in computing,

information and communications, and the introduction of policies of deregulation, privatization and liberalization (Griffiths, 2003). Supporting globalization, economic policies suggested by the Washington Consensus – deregulation, privatization and liberalization – have become over time, even if they have not been formulated in this manner from the beginning (Williamson, 2004), a policy prescription for development in all developing regions in the world, trying to promote economic growth and alleviate Third World poverty.

But for some authors, global capitalism widened the wealth inequality gap between the richest countries and underdeveloped ones (Stiglitz, 2010; Bauman, 1998). Although globalization has an enormous potential to accelerate economic growth and development through integration into the global economy, technology transfer and dissemination of knowledge, the impact of globalization on poverty reduction was unequal and even marginal in some regions (Nissanke and Thorbecke 2007; Yergin and Stanislaw 2002; Stiglitz 2003). It is well known by now that the moral architecture of the current state of global capitalism left much to be desired and if global capitalism is to become more socially responsible, its moral ingredients do need upgrading.

Literature review

The scientific literature encompasses a wide variety of studies on the evolution of global capitalism and its social consequences. From Djelic's (2006) perspective, we can distinguish four typical links between ethics and capitalism. First is the missionary view because the missionaries conceive capitalism as a profound and ethical system in its nature, being thus a condition for the development and consolidation of a moral behaviour. The second is the Nietzschean view which places capitalism beyond or before ethics. The emphasis is put on the natural character of capitalism, the ethical preoccupations being outside the spheres of capitalism. Third point is a critical one, inspired from Marxist tradition and Christianity. Djelic states that this perspective regards capitalism as a profound immoral system through its own nature. Capitalism works because of the greed and power of individuals, which ultimately will end in the exploitation of one over the other. Since the negative impacts of globalization in Latin America and Asia in the 90s and the increasing numbers of fraud scandals, this opinion started to be popular again. Finally, the last perspective is one of 'regulation', according to which capitalism cannot be a moral system by itself, needing a set of regulations to make it ethical. But regardless of the perspective, one may adopt a deeper understanding of the connection between the two, a thing appears to be imperative, especially now when the capitalist system has gone global.

About post-modernity there are more points of view. Postmodern can be understood as a movement after modernism (Harvey, 2002), which subsumes, assumes or extends the modern or tendencies already present in modernism, not necessarily in strict chronological succession; opposed to modernism (Hassan, 1985), subverting, resisting or countering features of modernism; equivalent to 'late capitalism' (Jameson, 1991), post-industrial, consumerist, and multi- and trans-national capitalism; or as a 'global village' phenomenon, globalization of cultures, races, images, capital and products.

But probably the author who analyzed this phenomenon in the most complex way is Bauman. In his book, *Postmodern ethics*, Bauman identifies seven landmarks of morals condition. First, given the primary structure of human relations, a morality that is not ambivalent is an existential impossibility. A moral behaviour cannot be guaranteed by better designed contexts of human action. Then, the moral phenomena are naturally irrational; they cannot be regular, repetitive, monotonous and predictable. The irrationality of ethics is acknowledged since ancient times, when Aristotle in his famous *Nicomahic Ethics* represents the soul as being divided in a rational part and an irrational one, the latter being composed of a purely irrational (vegetative) and a desirability or ethical part. Also, morality is irretrievably aporetic, most moral choices being made between contradictory impulses. Then, morality cannot be universalized, and from a 'rational order' perspective, morality is and must remain irrational. Regarding this, Bauman (2000, p. 18) considers that the social control of morality is a complex and delicate operation which raises more ambivalence than manages to eliminate. Also, the question 'How is it possible?' has no sense when it is addressed to morality, because otherwise it means that individuals would not normally be moral than from some particular cause. Finally, there is an essential incompatibility between any code of ethics assisted by the power, on the one hand, and the infinitely complex condition of the moral individual, on the other hand. We opted for these seven landmarks because we believe that they constitute the fundamental basis of any research with regard to contemporary ethical issues.

The ethics of global capitalism in the Postmodern Era

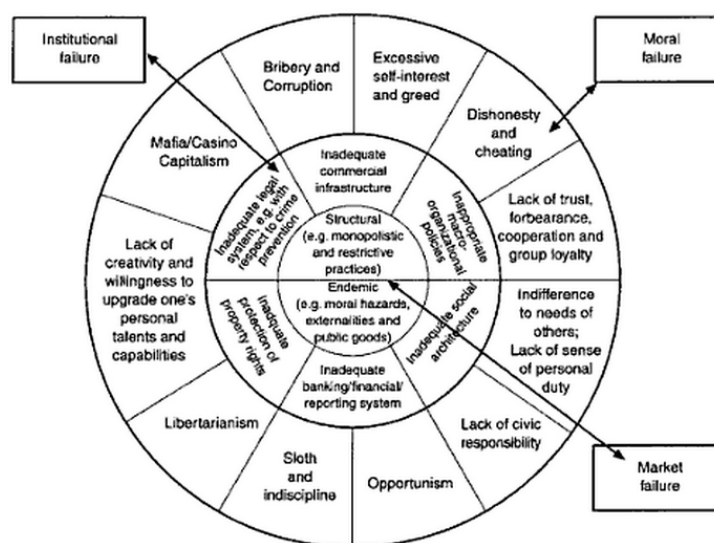
Most ethical problems of global capitalism are related to the development of global financial markets and increasing dominance of multinational companies over the national economies. The weak governments and societies from developing countries are constrained to give strong bargaining positions to multinational companies, leading to a highly controversial nature of their relationship and its implications for economic growth.

The main feature of global capitalism is that it allows the free movement of financial capital and since capital is the essential ingredient in production, countries must compete to attract it, causing a weakening in their capacity to regulate and tax it (Soros, 2002, p. 24). As a consequence, the capital's ability to migrate anywhere undermines the state's ability to exercise control over the economy. Another issue is the high human cost at which it was made, in the developing countries, the market's liberalization and deregulation. Is true that free markets are able to create wealth, but they do not respond to other social needs. Many of their criticisms refer to the several social ills that globalization had caused, such as poverty in poor countries, deterioration of the worldwide environment and the increase of corruption. Maybe the last major problem of global capitalism is, considering its size and the interdependence within it, the risk of triggering an important crisis by a domino effect, destabilizing entire regions, like in the case of Asian crisis of the late '90s, one of the most serious crises in the history of international crisis. An overall perspective shows that the last decades have been the most tumultuous of international monetary history in terms of number, extent and severity of crises. However, in a few words, global capitalism is accused of a globalization of

markets unaccompanied by a corresponding consolidation of social and political international arrangements that has led to a very uneven social development and to an economic slavery.

In an excellent study on a *Christian perspective of global capitalism*, Griffiths (2003, p. 178) suggests that globalization should be placed in some form of moral framework, otherwise the risk will remain that extreme poverty, injustice and the threat to the environment will continue. But globalization represents a complicated process, three decades after its appearance still arising several controversies; and thus is difficult to analyze it without using current tools, that is post-modernity. Postmodern should not be understood in a chronological manner as a displacement of modernism, but in a way of suggestion or premonition of the fact that all of the efforts of modernism were wrong conducted and that, in the end, modernism itself will demonstrate its impossibility (Bauman, 2000, p. 14). It points at the relativity of moral codes and ethical practices that claim to be universal as a result of their narrowness. The global capitalism reflects the societies' ethics it embodies, and societies are formed of complex, unpredictable and ambivalent individuals, a universal ethical code being practically impossible.

According to Dunning (2001), there are three ways in which global capitalism might fail: the moral failure, institutional failure and market failure (see Figure 1). The hypothetical moral failure of global capitalism, identified by Dunning during the Asian crisis, includes eleven causes which we believe that may be at some extent generalized to the whole world as potential risks for the success of global capitalism. It is clear that, from a dynamic perspective, the attitudes and behaviour of each interacts with the other, and so a change in the mindset of the involved participants is imperative. Dunning (2003, p. 27) divides the actions needed for an upgrade of global capitalism in moral virtues and ethical behaviour in two: top-down and bottom-up.



Source: Dunning, 2001, p. 38.

Fig. 1. Illustration of three ways in which global capitalism might fail

These approaches regard the improving of the moral standards of the institutions of global capitalism and those of their participants. Top-down is an externally imposed or influenced approach, while bottom-up is a spontaneous or internally generated approach to upgrading moral attitudes. The top-down approach suggests that moral attitudes and standards should be coerced by laws and regulation or encouraged by incentives or moral suasion, on one group of individuals and institutions by another group at a higher level of governance. The bottom-up approach implies the spontaneous or internalized upgrading of moral values by interest groups or individuals firms such as NGOs. It can be observed that today individuals and NGOs are among the most vocal activist groups pleading for the abolition of social discrimination, human rights abuses, and the employment of child labour; and more positively, for upgrading health, safety and labour standards, and environmental protection.

But when we analyze global capitalism we have to admit its achievements too and the fact that is not a null sum game. Its benefits exceed the costs which mean that the additional wealth produced by globalization could be used to reduce the inequities and other shortcomings of globalization, and would still remain a surplus (Soros, 2002, p. 27). In order for this to happen, a change of individuals' perspective on globalization is requisite. As Bhagwati (2004, p. 265) states in his book *In Defence of Globalization*, "public action will not succeed unless it reflects not only passions but also reason. Reason and analysis require that we abandon the conviction that globalization lacks a human face, an assertion that is tantamount to a false alarm, and embrace the view that it *has* one". And Sachs (2005, p. 352) emphasizes on the fact that the "continued extreme poverty do not invalidate the long, persistent, and continuing rise of global living standards and the fall in the share of the world population living in extreme poverty. The claim of progress is correct as long as it is not taken to be a claim of perfection".

It is not less true that the ethics of global capitalism should not be assumed only by economics. With regard to Weber's considerations, the stereotypical application of canon law in civil law has a major influence on the economy (Weber, 1998, p. 208). Considering that every civilization is based on its own canon law (Hindu, Mosaic, Christian, Islamic, Confucian), with applications in its legal rights, it is hard to ask from the global capitalism, after just a couple of decades, global ethical and moral effects. The only ethical role of economics is to achieve a fair distribution and redistribution of wealth by principles related to individual's social contribution. Economy has no other means of spreading the wealth besides its rational levers, which are basically fair; the rest depends on societies and individuals to be moral and altruistic and to determine the global capitalism to make more good than bad.

Conclusions

The world has always been naturally interdependent, and thus the economic globalization has been a matter of course that would have sooner or later happened anyway. An ethic of universal solidary responsibility, i.e. intersubjectively valid, it

seems now both necessary and impossible. If we generally adopted the neoliberal economic paradigm, and so the economic mainstream nowadays is based on Adam Smith's *Wealth of Nations*, we must not forget that Smith wrote as well a theory of moral sentiments that is not antithetical to the first, legitimizing it. Even if the market may be neutral in its intention, it should be more carefully regarded if it encourages such personal features as greed, relentless competition and opportunism. Smith opens his *Theory of Moral Sentiment* stating that "how selfish soever man be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it" (Smith, 2006, p. 4).

For a more ethical global capitalism it is required a change in the attitudes and practices of particular individuals and firms which must be at the core of a more responsible global capitalism. Edmund Burke stated two centuries ago, that "civil liberty could only prosper if individuals will 'put moral chains on their appetites' and this will happen only when the society will be aware of the importance of self-restraint, tolerance and the development of character, and that moral responsibility is the most personal and inalienable of human possessions" (Burke cited in Dunning, 2001, p. 367). Therefore, being happy is not destiny, but rather a consequence of our choices to behave towards others. In the Era of Globalization, the biggest challenge will be, as Brown and Lauder (2001, p. 284) had stated, to develop a social solidarity based more on the reflexivity of individuals who recognize that their quality of life depends on cooperation with others rather than relentless competition, being thus a challenge for us to build decent societies for all.

What post-modernity teaches us is that the order and small systems that we create in the world are as fragile, arbitrary and insecure as their alternatives. Beyond utopias and distant hopes, it always remains a reality of a complex human being which cannot be suppressed. Global capitalism, seen from a postmodern perspective, is essentially a process of placing moral responsibility where it belongs, and that is among the individuals' personal concerns.

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