

Globalizing What?

History, economics, equity, and efficiency

BY AMARTYA SEN

In terms of globalization, if you place yourself say not at the end of the millennium which has just passed, but at the beginning of the millennium, at 1000 AD, you would find a world in which the practice which now goes by the name “Western Science” is flourishing primarily in a country called China. That is, this was a world—in 1000 AD—in which paper and printing exist, crossbows and gun powder exist, the clock exists, and so does the iron-chain suspension bridge, the kite, the magnetic compass, the wheelbarrow, the rotary fan; each one of them is known exclusively in China, but virtually nowhere else. It’s globalization when you get this kind of knowledge spread across the world. And similarly, if you look at math, the decimal system emerged in India, slightly after the second century AD, and moved to the Arab world by the eighth century, moved to Europe by about the eleventh century, and had a profound impact along with Arab mathematics, Indian mathematics, and others of a variety

AMARTYA SEN is Master of Trinity College, Cambridge, Lamont University Professor at Harvard University, and the 1998 Nobel Laureate in Economics. This article is from a speech he delivered at Harvard University.

of kinds of which we still have these verbal evidences left, in words like “algorithm,” “algebra,” and a lot of other terminology. So the question has to be asked can people from the Western World and the non-Western world distinguish themselves—under the push from Western chauvinism and pull from non-Western fundamentalism (certainly a form of chauvinism in its own right!) Should people have to distinguish themselves theologically or racially, rather than by science, culture, literature, mathematics, and so forth—that’s a very big question that we have to face in dealing with “Globalizing What?”

In so far as the pro-globalization people don’t take an adequately broad view of globalization, I would say that they are making a similar mistake. They are really selling globalization short—a great deal of what we are today is a product of globalization, and often not even occurring very close to here. Let me give you one more example. I mentioned printing, which, by the way, is actually one of things that people actually recognize is very significant—Thomas Carlyle in discussing Francis Bacon says that the three ways of distinguishing civilizations are printing, gunpowder, and the Protestant

religion. Now, the Chinese cannot be held responsible for the Protestant religion, but if you look at printing, it’s not just globalization in the sense that it’s happening far away from here. Look at one of the first printed books that survives—it is from the ninth century. Is it a very insular, local, Chinese cultural treatise? No, it is a Chinese translation of Sanskrit book called the *Vajracchedika Prajnaparamita*, and I remember reading in it school, in Sanskrit, and it’s a wonderfully interesting Buddhist text, often in English called the “Diamond Sutra.” It was completed by a half-Turkish, half-Indian gentleman called Kumarajiva, whose father migrated from India to Turkey, married a Turkish woman, produced a child who migrated to China and translated the Sanskrit book into Chinese in 499 AD. When it was published it was the first printed book in the ninth century, and it’s a marvelous history of globalization—many countries involved—but the West is nowhere in that story. It’s very important, in my judgment, to get the point across, because I think the whole debate about the Western and non-Western culture and civilization has been very badly affected by lack of a basic interest in history.



This translation of the “Diamond Sutra” or “Jin gang ban ruo bo luo mi jing” in Chinese is the oldest, dated printed book yet discovered, and itself an embodiment of globalization—it now resides in the British Library

Now, we must ask this basic question: is the presence of extensive trade a beneficial thing for the world, or not? I think the answer to that is very straightforward: it's very deeply beneficial, and any answer to that question, at a sophisticated level, has to begin first by acknowledging this, and only then can one ask in what ways it may not be beneficial. Well, it may not be in terms of the issue of inequality—does it encourage inequality, and could that make it bad? Does it lead to asymmetry of power? Joe Nye has written, and this is the point at which I very much agree with him, that there is what he called a “democratic deficit” in the world, and then he asks the question, what can we do about it? In a sense, globalization taken broadly requires a kind of spread of democracy, and so one answer to “Globalizing What?” could be globalizing democracy, just as globalizing the world economy is part of the answer as well.

Let us begin with the democracy issue. And I think there is no question in my mind Joe Nye and others are right to put focus very much on that. Where I think I might disagree a little bit is in what we decide to emphasize. There is a question, for just as globalization is a difficult term, so too is democracy a difficult term—democracy is not just about a majority vote, but also about having a plurality of voices. Now where many, I think, are too hard is in their analysis of NGOs, or as Joe Nye puts it, “self-appointed non-government organizations.” I think that NGOs could be very powerful, and that could be questioned, certainly if unelected and self-appointed—although I don't know who else could appoint NGOs—but democracy is also about increasing the plurality of voices, and one thing that NGOs have often been concerned with is precisely this. NGOs do have something to contribute, and I'll give an example.

Take the case of a country with which I am very involved, namely my neighboring country Pakistan, which is going through very major change, not just about Musharraf, but the civil society there in general is quite remarkable, and is becoming exposed to new ideas and new critiques which they haven't had for some time. Now about Musharraf, let me say that I don't disagree that he should hold elections, but yet democracy can't be judged only in the selection, of course, it's also about how much tolerance you have, of pluralism, of what people can say. This is very important, and some democratically elected governments have been much worse in this regard. In a democracy the majority can rule, but it is very important to see the issue of plurality. But it is a point of focus, and since many countries do have military governments today, NGOs sometimes have been able to play the role of giving a voice to people who would not

have otherwise have got that voice. In Pakistan, newspapers, and international NGOs have provided a plurality of voices and that's good for democracy.

In the context of democracy there is a little bit of a danger with international institutions. I accept that international institutions tend to be highly responsive to national governments and accrue some form of real, if indirect, democratic legitimacy. But there is an underside to this as well—take the United Nations, which has exactly these features, does indeed have legitimacy, but because of the way in which the power structure of the world is proceeds now, it is very difficult for it to address certain kinds of issues. Just to give an example, one the ways in which the world was made terrible in the past, of course, was the conversion of potentially democratic governments in Africa, and sometimes actually democratic governments in Africa, into military dictatorships, with support from either the United States and the NATO countries or the Soviet Union—as long as there was a military coup in their direction they would accept it, and so dictators were never without any absence of friends. Now today, that's changed, but in some ways the extension of that is the extent to which the dominant countries in the world play a part in the dreadful trade of armament which still goes on in a dramatic way. When Kofi Annan made a very minor proposal of having an agreement on the illegal export of small arms—so two qualifications, small, not large, and illegal, not legal exports of small arms—the United States refused to sign it, even while knowing that most of the people in the world who are killed by weapons are

killed by small arms. But looking at the United Nations, they have done almost nothing about the arms trade, but I'll give you a statistic: eighty-one percent of these armaments in the world are exported by five permanent members of the security council. Now they may be highly responsible to their national governments, but that doesn't mean they are working towards a global democracy.

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So global democracy is an answer to the question of “Globalizing What?” but I am trying to point out that there are multiple ways of focusing this question. Now, what about global equity? And here I will say I think that there is an enormous reason to think that this is another possible answer to the question “Globalizing What?” The equity issue is, in my judgement, often mistaken on both sides. On one side, there is the rhetoric, saying that “the rich are getting richer, and the poor are getting poorer.” Incidentally, if you say that at any gathering people won't criticize it—they don't treat it as an empirical statement, but as an indication that you have a soul. But empirically, that's not way the things have actually happened. There are many different ways to answer this question—many different technical measures—but while people may agree that the equity issue is an issue, on the whole it would seem that while the rich are getting richer, the poor do seem to be getting a bit richer too. But I think that's entirely the

wrong question to ask here. It's been about thirty years during which I've been talking about an obscure mathematician, and usually I could say that you have never heard of him. Perhaps he's not so obscure anymore: but he wrote a paper in *Econometrica* in 1950, his name is John Nash. That paper argued that right way of thinking about it is not whether from a cooperation both sides gain—that is true, but there are hundreds of alternatives in which that might true. The question is rather among all of the alternatives in which both parties gain, is it a fair division of the gain? So it is not adequate to say “the poor are not getting poorer, so why worry?” but if you live in a deeply unequal world, that's not just adequate—given the manifest inequity that we see, are the poor getting a fair deal in the system? That's the question that we have to look at.

Trying to answer this question requires a whole lot of institutional rethinking. The Bretton Woods agreement set up the present institutional structure which took a good deal of imagination at that time, but it focused very much on issues at that time. The World Bank was then called the International Bank for Reconstruction and Development, and naturally would be so called—reconstruction of Germany and Japan and other countries in Europe and Asia devastated by the war—but the world has moved on, for then half the world was still in colonialism. There wasn't a single poor country which was democratic at that time. The world has changed from that, and to some extent there is some recognition. There was a need for an institution that plays the role of credit management, and the WTO plays

that role. I am not opposed to the WTO, and I think that it does quite an important job. But I am opposed to the idea that the WTO also be given the charge of looking after the environment. The idea that all of these financial ministers would come to sit together to talk about the environment, seems to be laughable, you need a different kind of representation there—looking at these global equity issue from a different perspective requires a different type of organization. To think that global equity issues could be dissociated from institutional questions would be a mistake, and I think we have to think how we might proceed in that direction.

Now, it is not just global equity that we ought to be concerned with, but also global efficiency. This is also a difficult term—indeed efficiency is one of the most misunderstood terms in economics. Efficiency can only be judged when you have identified what your objectives are—in that context, is it efficient in pursuing it. So if someone says to you that “I am efficient” and you ask “efficient in what?” and he replied “No, I’m just efficient” I really don’t think that this communicates anything—no it has to be efficient in something. Now global efficiency has to be seen quite differently—take a subject in which many are involved, the issue of intellectual property rights, and the effect it has on drug prices. How do we judge that in the light of efficiency? There are two arguments that are given in defense of intellectual property rights. One argument is an entitlement argument—often of a kind that is done without brilliance and sophistication of Robert Nozick’s reasoning—but it is a kind of immediate argument: if I have created the knowledge I own

it, it’s mine, and if you want to use it you have to pay me something. The other kind of argument is that unless you give me property rights over the knowledge that I develop, I will not develop it, for I need the incentive to do it. It’s a very different kind of argument. The former has nothing to do with efficiency—it just says that it’s mine. I have some difficulty in understanding just what kind of a concept property rights over knowledge is, though there are times when I think that we in India should have patented the decimal system before we allowed it to go out, so I think there is a real difficulty as to what one might mean by it. But whatever its merits, it is not really connected with efficiency, so let’s leave it aside for the moment. But if there is a global efficiency argument in favor of intellectual property rights, it must be that it is serving our objectives better. But what are our objectives? Well if you are dealing with drugs, presumably the objective is to develop the right kind of drugs and to use them very effectively. Now we are in this odd position that there may be drugs that are known which cannot be used, not because they are hard to produce and cost much, it’s just that by the time you’ve added these royalties to it, it costs an enormous amount. But that can’t be a very efficient way of distributing that drug. It may not even be a very efficient way for the drug company to earn money, because if you don’t sell any of the drug, you don’t get any royalties either. It doesn’t even have the feature of being efficient in that context, not to mention the broader efficiency that a globalized ethic might demand. It certainly would be an argument from that point of view to change it. But people then say what about developing the

drug, will people have the incentive to do it? Now, are the incentives right at the moment? I mean, certainly if you take AIDS, the kind of drug that would most be needed would, of course, be a single-use preventative vaccine of some kind, but if you look at the allocation of resources, that’s not where the pharmaceutical companies tend to put an enormous amount of money. And this is understandable, from their point of view, because there you make a little bit of money the first time, but once you’ve vaccinated them, well that’s it. The fact is, that I don’t think the incentive structure works well at all at this moment. It doesn’t work very well for developing the right kind of drug, and it doesn’t work very well for using the drugs we already have. This is not at all to deny that incentives are extremely important, for I’m absolutely a dyed-in-the-wood economist and I do believe that incentives are extremely important in living in a world which is feasible, which works, and I am great believer in efficiency. But I am a believer in efficiency with objectives that are properly specified. In that context it seems to me global efficiency also requires radical reform. But these might not be quite the form in which the anti globalization “protestors” pose their critique, but underlying their concern are issues precisely of this kind—in which history figures, in which democracy figures, in which equity figures, and in which efficiency too figures. So I have had to give a kind of diverse answer to that question. As Buddha said, “there are some questions that can be asked of which there are no answer” and while I’ve given several answers, they are not final answers, and I very much hope to have more discussion on these topics.