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A different manifesto

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If sceptics could learn to love capitalism, they would still have plenty to complain about

SOME sceptics have recently started to argue that the movement against globalisation dwells too much on what it is against; it must grow up, and start to say what it is for. This is a worthy thought, but tactically ill-advised.

The main things holding the anti-globalist coalition together are a suspicion of markets, a strongly collectivist instinct and a belief in protest as a form of moral uplift. Once upon a time this combination would have pointed to socialism as a coherent alternative to "the system". But socialism, after the unfortunate experiences of the 20th century, is not quite ready yet for release back into the community. The attitudes that support it are still out there, as evidenced by the protesters, and by the sympathy they arouse among the public. But for the moment, as a programme for government, socialism lacks sufficiently broad appeal.



What else is there? The protest coalition can hang together only if it continues to avoid thinking about what it might be in favour of—a challenge it is all geared up to meet. All the same, it seems a pity.

Meanwhile, the champions of globalisation—governments and big business—are also giving a deeply unimpressive account of themselves. Intellectually, their defence of globalisation ("it's good for our exporters and creates jobs") is a disgrace. And governments deserve fierce criticism for many of their policies, not least in areas of particular concern to anti-globalists.

Rich countries' trade rules, especially in farming and textiles, still discriminate powerfully against poor countries. Rich countries' subsidies encourage wasteful use of energy and natural resources, and harm the environment. It is at least arguable that rich countries' protection of intellectual property discriminates unfairly against the developing world. And without a doubt, rich countries' approach to financial regulation offers implicit subsidies to their banks and encourages reckless lending; it results, time and again, in financial crises in rich and poor countries alike.

All these policies owe much to the fact that corporate interests exercise undue influence over government policy. Sceptics are right to deplore this. But undue influence is hardly new in democratic politics; it has not been created by globalisation forcing governments to bow down. On the contrary, special-interest politics is easier to conduct in closed economies than in open ones. If allowed to, all governments are happy to seek political advantage by granting preferences.

It is dispiriting to watch as big companies work out how to maintain their influence nationally and extend it to the global arena, using "civil society" and "corporate social responsibility" as levers. Naturally, in the light of the protesters' concerns, the multinationals are willing to sit down with governments and NGOs—they have lots of ideas for collecting extra subsidies, and piling punitive taxes and regulation on their less responsible competitors.

Barking up the wrong tree

The protesters' main intellectual problem is that their aversion to capitalism—that is, to economic freedom—denies them the best and maybe the only way to attack and contain concentrations of economic and political power. The

protesters do not need to embrace laissez-faire capitalism. They need only to discard their false or wildly exaggerated fears about the mixed economy; that is, about capitalism as it exists in the West, with safety-nets, public services and moderate redistribution bolted on.

Under this form of capitalism, economic growth does not hurt the poor, as sceptics allege; indeed, for developing countries, capitalist growth is indispensable if people are ever to be raised out of poverty. Growth in mixed economies is compatible with protecting the environment: rich countries are cleaner than poor ones. And if prices are made to reflect the costs of pollution, or allowed to reflect the scarcity of natural resources, growth and good stewardship go hand in hand. Above all, free trade does not put poor countries at a disadvantage: it helps them.

Try this for size

If some of the protesters could accept these tenets of mixed-economy capitalism, a narrower but far more productive protest manifesto would come into view. Its overriding priority would be to address the scandal of third-world poverty. To that end, it would demand that rich-country governments open their markets to all developing-country exports, especially to farm goods and textiles. (Concerns about displaced workers would be met not by holding down the poorest countries, but by spending more on training and education in rich countries, and by cushioning any losses in income there.) It would insist that western governments increase spending on foreign aid, taking care that the benefits flow not to rich-country banks or poor-country bureaucrats, but to the poor, and especially to the victims of disease. To protect the environment, it would call for an end to all subsidies that promote the wasteful use of natural resources, and for the introduction of pollution taxes, including a carbon tax, so that the price of energy reflects the risk of global warming.

This programme to accelerate globalisation and extend the reach of market forces—although at first it might be better to put it another way—would also have a good-governance component. Under that rubric, “trade policy” should ideally be abolished outright: governments have no business infringing people's liberty to buy goods where they will, least of all when the aim is to add to corporate earnings. Short of instant abolition, trade policy should at least be brought into the light so that corporate interests find it harder to dictate its terms. Governments should hold themselves accountable to voters at large, not to **companies, industry associations, special interests** or indeed to any kind of non-governmental organisation, whatever its ideology or dress code.

Governments should hold themselves accountable to voters, not special interests

Among other things, accountability means accepting rather than denying responsibility. Corrupt or incompetent governments in the developing countries deny responsibility when they blame the IMF **or the World Bank** for troubles chiefly caused **by their own policies**. **Rich-country governments, notably America's**, also use the Fund, the Bank and the WTO—institutions which in practice could never defy their **wishes—to deflect blame**. Worst of all, governments everywhere deny responsibility ~~when they explain broken promises, failures of will or capitulations to~~ special interests as the unavoidable consequences of globalisation. That is no harmless ~~evasion, but a lie that rots~~ democracy itself. Critics of economic integration should be **striving to expose this lie**; instead, they greet it as a grudging endorsement of their own position.

The crucial point is that international economic integration widens choices—including choices in social provision—because it makes resources go further. Policies to relieve **poverty, to protect workers displaced by technology, and to support education and public health are all more affordable with globalisation than without** (though not even globalisation can relieve governments of the need to collect taxes to pay for ~~those good things~~). When governments claim that globalisation ties their hands, ~~because politically it makes their lives easier,~~ they are conning voters and **undermining support for economic freedom**. Whatever else that may be, it is not good governance.

Whenever governments use globalisation to deny responsibility, democracy suffers another blow and prospects for growth in the developing countries are set back a ~~little further. Anti-globalists fall for it every time,~~ seeing the denials as proof of their **case**. They make plenty of other mistakes, but none so stupid as that.

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