

Joseph E Stiglitz

Globalism and its Discontents

(ಜಾಗತಿಕತೆ ಮತ್ತು ಅದರ ಅಸಮಾಧಾನಗಳು/ ಅತೃಪ್ತಿಗಳು)

(2002)

- Joseph E. Stiglitz is an American economist and a professor at Columbia University. Joseph E. Stiglitz was born in Gary, Indiana in 1943.
- In 2001, he was awarded the Nobel Prize in economics for his analyses of markets with asymmetric information,
- His book *Globalization and Its Discontents* (2002) has been translated into 35 languages.
- He served as the chairman of the Council of Economic Advisors during the Clinton administration in the mid-nineties and as the chief economist at the World Bank in the latter portion the nineties.
-

- During his work in these roles, Stiglitz was dissatisfied with the International Monetary Fund (IMF)
- His work reflects his idea that the IMF's policies are founded on neoliberal ideas. But these are not sound.
- In *Globalization and Its Discontents*, he blames IMF policies for the East Asian financial crisis and the Argentinian economic crisis.
- He also lays blame at IMF's door for Russia's failed attempt to convert to a market economy, as well as a lack of development in Sub-Saharan Africa.
- The policies he criticizes are high-interest rates, the liberalization of capital markets, fiscal austerity (ಹಣಕಾಸಿನ ಸಂಯಮ) and the privatization of state assets.

- Stiglitz in his work Globalism and its discontents mainly describes the growing opposition in the developing world to globalizing reforms. It has become a mystery (ರೆಹಸ್ಯ) (ಮಾಯಾಜಾಲ).
- People in developing countries had been told that globalization would increase overall wellbeing. But why had so many people become so hostile (ಶತ್ರು) to it.
- According to Stiglitz, the policies that govern the IMF—neoliberal, neoclassical, and free market—are the equivalents of the laissez-faire (Individualism/ವ್ಯಕ್ತಿ ವ್ಯವಹಾರದಲ್ಲಿ ಸರ್ಕಾರ ಪ್ರವೇಶಿಸದಿರುವುದು/ ಇನ್ನೊಬ್ಬರ ವಿಷಯದಲ್ಲಿ ಕೈ ಹಾಕದಿರುವಿಕೆ) economics of the late 1800s.
- Basically, Stiglitz is against both trickle-down economics and lower wages as solutions to unemployment and poverty.
- He accuses the Washington Consensus policy (free markets) of being born of bad science and ideology

Global Governance without Global Government

- According to Stiglitz the current form of globalization is 'global governance without global government' (ಜಾಗತಿಕ ಸರ್ಕಾರವಿಲ್ಲದೆ ಜಾಗತಿಕ ಆಡಳಿತ). MNC's, capitalists, industrialist rule the world.
- International financial institutions, IMF, WTO, and World Bank, lack any necessary checks and balances.
- These international financial institutions are isolated and sole deciders of financial policies and enforce without hearing any dissenting opinions, generally developing countries.
- IMF's reckless liberalization, privatization, and deregulation are violating developing countries' sovereignties.
- Thus rather than working for equity and removal of poverty, financial institutions become spokespersons of the financial community.

- The policies of these institutions widen the gap between developed and developing countries. It has emerged from undemocratic paternalism(restriction on freedom/ interference with the liberty or autonomy of another person (ಪ್ರಜಾಪ್ರಭುತ್ವ-ವಿರೋಧಿ) and lack of accountability, (ಹೊಣೆಗಾರಿಕೆ) transparency.(ಪಾರದರ್ಶಕತೆ)
- Undemocratic paternalism is emerges through ideology. It believed that IMF model is universally applicable.
- Moreover, lack of accountability and transparency is pronounced in unfair trade agenda, the Uruguay round.
- The North, European Union and US achieved bilateral conventions called Blair House Agreement. They imposed restriction on subsidization of agriculture. As a result Uruguay round failed and put developing countries to greater risk and shaky
- Stiglitz strongly criticized the current global governance without global government. He openly supported global social justice, global affinity to eradicate poverty and create better environment.

On the question of globalization

- Stiglitz doesn't completely criticized the process of globalization.
- He states that it can either lead to success or failure, depending on how it's managed. Because of the way the IMF has managed globalization, he believes it's a failure.
- Stiglitz writes that in order to get success globalization must be managed by a national government that welcomes the characteristics of individual countries worldwide.
- He provides two examples of successful globalization based on exports: South Korea and Taiwan. Stiglitz shows how both closed the gaps in knowledge, technology, and capital. They experienced growth and were able to share those benefits equally to its people.

- According to Stiglitz the IMF was founded on a mandate that it would assist developing countries. He credits John Maynard Keynes, a British economist, with helping to conceive the IMF's original mandate.
- Had IMF successfully followed the original mandate, it would lead to different results.
- Despite the inability of the IMF and World Bank to grow developing nations at full employment, Stiglitz doesn't recommend dissolving these organizations. Rather, he writes that they should undergo reform to bring them into transparency and accountability so they can fulfil their original mandates.
- He writes that with the most of the developing nations that face malaria, AIDS, and rapid population growth, as well as with environmental changes worldwide. To control these Stiglitz suggested to incorporate the original ideas of Keynes.

- Keynes' mandate for equitable growth is more urgent now than ever. He advocates a gradual, sequential, and selective approach to institutional development, land reform and privatization, capital market liberalization, competition policies, worker safety nets, health infrastructure, and education. Different countries will need to follow different paths.
- He also points out "global governance without global government," and suggests that we need to recognize the inequities of the "global economic architecture."
- Stabilization is on the agenda; job creation is not. Taxation, and its adverse effects, are on the agenda; land reform is off. There is money to bail out banks but not to pay for improved education and health services.

- In conclusion, it is necessary to look at those cases where Third World development actually succeeded. South Asia and China are the world's two greatest emerging markets. South Asia repeatedly resisted IMF conditions (especially South Korea and Malaysia) and China declined any IMF money whatsoever.
- Stiglitz believes that promoting local and international democracy is fundamental to reforming global economic policy. Democracy aids social stability, empowers the free flow of information, and promotes a decentralized economy upon which efficient and equitable economies rely.
- Developing countries also should be given voting rights by IMF and WTO
- Finally for Stiglitz, promoting democracy important than promoting business. Democracy is first business is last.