Chapter 11
Globalized Ethics and Current Institutions

In this chapter, I will examine the extent to which current institutions might be able to implement the principles of global justice. I will begin with a few remarks about a market economy and continue with the two major institutions involved in the global economy--states and multinational corporations. Then I will consider other current transnational institutions such as world financial and economic institutions (World Bank, IMF, WTO), the United Nations and World Court, and other transnational NGOs. Finally, a number of practices have transnational impacts, and the Global Principles of Justice require changes to those practices. These are: Property and intellectual property, taxes, and Internet regulation.

JUSTICE AND THE MARKET ECONOMY

Any economic arrangement satisfying the principles of justice at any level will almost always include the market economy as a starting point. A properly functioning market will produce the most efficient results, without administrative costs. Economists say that markets produce Pareto optimal results. This means that no one’s outcome can be improved without making someone else worse off--everyone is as well off as they could be. The similarity to the Difference Principles of domestic justice and global

economic justice is not accidental. The additional requirement of the Difference Principle is that justice requires choosing from among many Pareto optimal results, the one that makes the worst off as well off as possible. (Rawls 1999a section 12)

For a market economy to be just, it needs to be functioning “properly.” The market needs to be competitive. So monopolies or oligarchies will prevent everyone’s being as well off as they could be. The monopolist (for example Microsoft) makes huge profits at the expense of the consumer. It requires external regulation by some institution (the government is the likely candidate) to break up monopolies and otherwise ensure that the market is functioning honestly.¹ Some authority external to the market is also required to handle environmental problems, since the environment’s interests are not directly represented in the market. The environment is neither producer nor consumer.

If the market is more-or-less functioning properly, it will usually be unjust not to use the market for economic allocation. Central planning is rarely Pareto optimal, and thus a centrally planned economy will make some worse off than they need to be. The extra administrative costs tend to fall on everyone, and when this happens, the Difference Principle is violated. These conclusions of economic theory have been dramatically corroborated by the experience of China in the past few decades. However, the Chinese experience shows that however much markets help in implementing the Difference Principle, implementing the first principle of Greatest Equal Freedom is another matter.

Similar observations apply when the market is extended globally. In Chapter 3, I characterized global institutions as those with transnational properties enabled by IT or transportation technology. I will add to this characterization and define economic globalization to mean global institutions participating in a global market economy. Realistically, that is what we are dealing with. There may be other possible ethical economic arrangements, but there is good reason to believe that a market economy suitably constrained will turn out to satisfy the Global Principles of Justice. Considering other economic arrangements would have to be the subject of one or more additional books.

STATES, SUPERPOWERS, AND GLOBAL JUSTICE

Any transnational authority raises a major issue for nation-states: Is their own sovereignty compromised? As we have seen, the US has refused to accept the authority of the World Court because its decisions would override decisions made by US personnel. There are, however, some cases in which it would be to the advantage of nation states to accede to a transnational authority with the power to enforce transnational edicts. Nation-states by themselves cannot easily deal with tax-shifting by multinationals precisely because they have economic authority only within their own states.

A global institution able to deal with tax-shifting could be to the cooperative advantage of all states. Even states currently receiving reduced taxes from multinationals would have the advantage of having their own tax structures honored transnationally. The authority of the World Court is a different story, however. As a superpower, the US can simply ignore international law and get the benefits of a non-cooperative solution.² A cooperative (ethical) solution involves a loss in self-interested benefits in exchange for a gain in cooperative benefits. Accepting the authority of the world court would mean that US personnel would no longer be able to violate principles of international justice with impunity. Apparently it is not a concern that other countries following the example of the US could also violate principles of international justice, for example concerning treatment of US prisoners and the use of torture on US prisoners.
Related Content

Masking Models and Watermarking: A Discussion on Methods and Effectiveness
[www.igi-global.com/chapter/masking-models-watermarking/24095?camid=4v1a](www.igi-global.com/chapter/masking-models-watermarking/24095?camid=4v1a)

“Nothing Crueler than High School Students”: The Cyberbully in Film and Television
[www.igi-global.com/article/nothing-crueler-than-high-school-students/178529?camid=4v1a](www.igi-global.com/article/nothing-crueler-than-high-school-students/178529?camid=4v1a)

Non-Lethal Weapons: Striking Experiences in a Non-Cooperative Environment
[www.igi-global.com/article/non-lethal-weapons/108852?camid=4v1a](www.igi-global.com/article/non-lethal-weapons/108852?camid=4v1a)

Citizen Perspectives on the Customization/Privacy Paradox Related to Smart Meter Implementation
[www.igi-global.com/article/citizen-perspectives-on-the-customizationprivacy-paradox-related-to-smart-meter-implementation/124867?camid=4v1a](www.igi-global.com/article/citizen-perspectives-on-the-customizationprivacy-paradox-related-to-smart-meter-implementation/124867?camid=4v1a)