

Globalization and Its Inconsistencies

by Herman E. Daly

The same economic logic of global gains from trade that is used to justify free movement of goods, services, and capital across national boundaries applies with equal force to free movement of labor (or human capital). Yet I have seen no advocacy of free migration by the WTO, IBRD or the IMF. Why should not people enjoy the same rights and privileges as goods, services, and capital? If the WTO wants foreign capital to be able to go anywhere, and once there to have the same rights as domestic capital, then why should not foreign people have the right to go anywhere and, once there, have the same rights as domestic people?

This inconsistency may have something to do with the fact that the least mobile factor of production is at a competitive disadvantage in the distributive struggle. Since the WRO, IBRD and IMF are friendlier to capital than to labor, they promote the international mobility of the former but not the latter. *The Wall Street Journal*, a special friend of capital, surprisingly yet consistently favors free

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migration of labor nor is it just free immigration of cheap labor into the U.S. that they favor?

At a deeper level perhaps free traders instinctively recoil from free migration because they can see the "tragedy of the commons" and destruction of existing local community that free migration would entail.

How could any national community maintain a minimum wage, a welfare program, subsidized medical care, or a public school system in the face of unlimited immigration? How could a nation punish its criminals and tax evaders if they were free to emigrate? Indeed, would it not be a lot cheaper to encourage emigration of your poor, sick, and criminals, than to run welfare programs, charity hospitals, and prisons? Or how could a country reap the benefit of educational investments in its citizens if they were free to emigrate? Would nations continue to make such investments in the face of free migration and a continuing "brain drain?" Would any country any longer try to limit its birth rate? With free migration it could never control its numbers anyway.

Few would deny that some migration is a very good thing, but we are speaking here about free

migration, where "free" means "deregulated, uncontrolled, unlimited," as in free trade or free capital mobility. Some cosmopolitans think that it is immoral to make any policy distinction between citizen and non-citizen, and therefore favor free migration. They also suggest that

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free migration is the shortest route to their vision of the *summum bonum*, equality of wages worldwide. Fair enough; let them then answer the questions in the preceding paragraph! In my view, a more workable moral guide is that our obligation to non-citizens is to do them no harm, while our obligation to fellow citizens is first to do no harm, and then try to do positive good. Consequences of globalization such as overspecialization in a few volatile export commodities, crushing debt

burdens, and foreign corporate control of national markets, mean that the “do no harm” criterion is far from being met.

If globalization advocates refuse to follow their own logic to embrace free migration, then maybe they should consider whether their reluctance to embrace free migration might have a solid basis. They might then ask themselves if some of their misgivings might also apply to the free flow of goods, services, and capital? Markets hate boundaries, but public policy in the interest of community requires boundaries. Markets require policy and laws for their functioning, so even markets ultimately require boundaries.

Since globalization is the erasure of national borders for economic

purposes, it also comes close to being the erasure of national economic policy. It implies too the erasure of international economic policy. Suppose all nations agreed to the Kyoto Accord. Try to imagine how these nations could enforce domestically what they had agreed to internationally when they have no control over their borders. Institutions of control would have to be global because the unit being controlled would be global **n** not in the federated sense of cooperation among nations that control their borders, but in the cosmopolitan sense of the integration of formerly separate economies into a single borderless world economy. International interdependence is to global integration as friendship is to marriage. All nations must be

friends, but should not attempt multilateral marriage.

The opposite of “free trade” is not “no trade,” it is regulated trade. Free trade is a rhetorically persuasive label for deregulated trade. No one is against freedom, or trade, but many are against the total deregulation of international commerce. Was deregulation of the savings and loan banks such a good idea? Has deregulation of financial markets, stock markets, and energy markets been such a success? Why has the traditional regulation of international commerce in the national interest become anathema to most economists? Do they want to abolish the nation and institute a world government? Or turn it all into a global commons for corporations to plunder? •