

political obstacles: first, to achieve the degree of international coordination that would be necessary, and second, to overcome the political power of the financial sector that would most likely resist any restriction or tax on their activities.

The last part of *Global Instability*: "A New Structure for International Payments," considers the role of international institutions and arrangements with an eye toward creating institutions that are more appropriate.

Paz Estrella Tolentino in the eighth chapter ("Transnational Rules for Transnational Corporations: What Next?") shows the evolution of the international legal framework dealing with transnational corporations from post-World War II until 1998. Tolentino identifies three possible routes for the development of a global and comprehensive regime for foreign direct investment and transnational corporations. Route 1 is the successful conclusion of MAI at the Organization for Economic Cooperation and Development (OECD), and route 2 is initiation of a new legal framework at the World Trade Organization, regardless of MAI's fate. The third route, on the other hand, is the initiation of negotiations for an entirely new legal framework at a new international institutional structure regardless of the fate of MAI at the OECD. Tolentino argues that both the process and content of such an agreement needs to be broadened if it is to receive the degree of legitimacy necessary to be sustainable.

In chapter 9, titled "Will the Real IMF Please Stand Up: What Does the Fund Do and What Should It Do?" Laurence Harris argues that the IMF has become very different from the institution that Keynes and White had envisaged at the time of Bretton Woods and is now attempting to do a range of quite different tasks. He focuses on three problems: the evolution of the IMF's role in 1997-98 Asian crises, the extension of the IMF's responsibilities for surveillance, and the problem of determining the fund's role in view of the number of distinct roles it has accumulated. Harris argues that most of these roles have arisen because of the absence of other international institutions, and hence other institutions would have to be considered.

John Smithin and Bernard M. Wolf investigate the possibility of "A World Central Bank" in chapter 10. They argue that retaining as much as possible of independent national policy making is important, first for the sake of democratic accountability, and second because of the potential deflationary bias of international bureaucracies in practice.

Finally, John Grieve Smith in chapter 11; "A New Bretton Woods: Reforming the Global Financial System," gives an overview of many of the central themes of previous chapters and draws the key policy implications of them.

Global Instability is a useful volume for those who want to discuss concrete alternative projects against neoliberal orthodoxy. Instructors lecturing on financial crises, institutions, and/or policies may find this volume quite helpful in providing alternative perspectives on these issues. Also, students who want to get a flavor of heterodox approaches to these subjects might find this volume a good starting point since the volume brings together a wide range of issues from concrete analysis of crises to alternative theoretical structures for international financial systems.

The problems that we face in the global economy are not just of an economic nature but also are political. For any alternative economic project to be successful, it first needs to expose "the current complacent orthodoxy in mainstream economics" and win the necessary political support. This requires an extensive ideological struggle denouncing the myths of neoliberal strategy and displaying the possibility, and indeed necessity, of alternatives. Hence, no matter whether you agree with the alternative proposals of this volume's authors

or not, it serves a crucial role in challenging "the fatalistic belief that the new globalized economy rules out any change of course." The current neoliberal agenda is not the only choice, and indeed, "for the majority of the world population, it is an inappropriate one" (6).

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Global Economy, Global Justice: Theoretical Objections and Policy Alternatives to Neoliberalism

George F. DeMartino, ed.; New York: Routledge Press, 2000, 279 pp., \$32.99.

George DeMartino's *Global Economy, Global Justice* is an important book that expands and deepens the scope of Left criticism of neoliberal globalization. This is a sweeping and lively book that moves easily and accessibly from discussions of theoretical reductionism to concrete trade policy in 250 pages of text. While there are other texts that criticize the neoliberal cast of the neoclassical vision, none that I know of provides the kind of philosophically informed exposition of how neoliberal policies flow from the underlying reductive logic and assumptions of the neoclassical vision.

DeMartino begins by looking at the ethical standards carried by economic theories as they answer the simple question, "What makes for a good economic outcome?" His book argues against the smug singularity of neoclassical theory that rests on axioms of choice that are thought to be universal and exercised by self-contained individuals and cultures. Along the way, he provides summaries and insightful analysis of the neoclassical welfare economics; the work of John Rawls, Michael Walzer, and Amartya Sen; the institutionalist and Marxian schools of thought on distributive justice; as well as a number of more concrete trade policy perspectives such as the "progressive nationalists" and Jagdish Bhagwati's arguments against global wage and environment standards.

One virtue of DeMartino's text is his treatment of neoclassical reasoning about choice and social welfare and his analysis of the appeal of its universalism. Too many Left critics, in my view, dismiss what are taken to be self-serving motives of neoclassicals and thus tend to underestimate the reasons neoclassical analysis has such influence. DeMartino's critical examination of neoclassical theory opens up the intellectual and political space. He then moves to a lucid discussion of alternative ways to think about the interdependencies that bind us all as we trade and interact through the economy. He argues for a form of egalitarian-

anism that he refers to as *global capabilities equality*. This equality is drawn from his reading of the work of Amartya Sen and refers to a person's ability to achieve valued states or functionalities. In addition to Sen's influence, DeMartino has clearly been heavily influenced by the work of contemporary Marxist theorists, such as Stephen Resnick and Richard Wolff, who stress the importance of avoiding essentialist and reductive forms of theory and pursuing nonreductive analyses of class processes. After laying this conceptual foundation, DeMartino, drawing on previous work with Stephen Cullenberg, concludes by constructing a concrete example of an egalitarian trade policy that would reward countries whose policies and practices promote the substantive freedoms of increased human capabilities and impose tariffs on countries that do not.

DeMartino draws on the antireductive line of reasoning to great effect in his critique of the way that neoclassical economics uses "welfarism" to answer his normative question: What makes for a good economic outcome? He shows how welfarism constructs a standard to judge whether a change is better off. In particular, the Kaldor-Hicks "compensation principle" provides a way of assessing whether a change is beneficial without falling prey to comparing utility across individuals. In Hicks's words, "If A is made so much better off by the change that he could compensate B for his loss, and still have something left over, then the reorganization is an unequivocal improvement" (46).

DeMartino shows that this narrow line of reasoning rests on reductive assumptions made about human agents and their preferences. Furthermore, social welfare is grounded on an initial distribution of resources about which the methods of welfarism are neutral. This value neutrality about distribution seriously limits the ability of the neoclassical analysts to make substantive judgments about various outcomes that entail redistribution. Policy is then biased toward growth, where gains can be apportioned, and against redistribution, where there are no grounds for unambiguous welfare improvements; for without growth, it is impossible to fully compensate the "losers" and still leave the "gainers" with anything gained.

DeMartino wants to shift the discussion, therefore, to issues of distributive justice rather than accepting welfarism's neutrality with respect to distribution. He argues for a normative position that values forms of global equality. Difficult questions arise in the face of such normative claims, questions that are systematically avoided by welfarism. How are we to compare economic outcomes and economic processes across people? If we are to adopt some form of global ethic, how are we to ensure that such standards are not an imposition of the values of some onto others? Neoclassicals and some leftists have long been worried about this potential imperialism of global standards or norms.

Broadly speaking, the neoclassicals argue that to have any global standards on, for example, wages, working conditions, or environmental standards of production would be wrong on two counts. First, it would impose some political, ethical, or aesthetic standard over and against the market and therefore diminish potential social welfare. Second, it would be a profoundly arrogant assertion of some people's notion of the good and just over that of others. Just as each individual is (typically) a self-contained unit in neoclassical theory, so are cultures and, as second-best proxies, countries. The neoclassical position is thus a form of cultural relativism, for it argues that each culture or country has the right to set its own labor and environmental policies. In fact, as DeMartino notes, these policy preferences may become a "chosen" dimension of a country's comparative advantage. The imposition

of any standards to harmonize policies would, therefore, lead to both inefficiencies and cultural oppression.

There are two problems with both this neoclassical cultural relativism and more progressive varieties of the argument. The first is that they treat cultures much like the neoclassical theory does agents, as the privileged site of preference formation. DeMartino argues that cultures are not the foundation of policy preferences. Rather than being foundational positivities, cultures are open and porous. He challenges what he calls the "insider/outsider" binary that clearly marks off a culture from what is outside of it. People do not belong to any unified or single culture, he argues, but have many affiliations and identity positions, some local, some regional, some global. Second, the neoclassical respect for cultural differences is itself constituted, ironically, by a universalism; for lurking behind this relativism is a neutral terrain on which various identifiable cultures can be compared and come into contact with one another. This terrain is the market form of capitalism, which is taken to be the natural framework for human economic expression. In short, genuine contest among diverse normative principles and alternative economic arrangements, in which noncapitalist class processes are recognized, is precluded by the universalism that claims to accept diverse institutional arrangements (of capitalism) around the world as so many sacrosanct cultural expressions. Perhaps it is DeMartino's belief that there are always already universal standards structuring globalization that motivates him to take the risky step of spelling out an alternative global principle that rejects both moral objectivism and cultural relativism.

The standard that DeMartino offers is not any form of moral objectivism in which he or anyone else will prescribe what others need. Rather, his notion of global capabilities equality serves as something of a meta-principle by which people can derive any number of just outcomes. This equality favors the "harmonization of capabilities to achieve functionalities at a level that is sufficient, universally attainable and sustainable" (145). This is a rather abstract and powerful principle and requires some background, which DeMartino provides. The principle emphasizes, however, is on the diverse ways that communities might determine what capabilities they value and then find ways to adopt rules of global economic competition that rule out capabilities lowering competition. He argues that trade always rests on a set of political rules about the legitimate basis of a comparative advantage. As an example of a policy that would fix the rules of trade in a way that promoted capabilities equality, DeMartino constructs a Socially Indexed Tariff Structure. He adapts the Human Development Index to create a measure of whether a country is improving the capability of its people in a sufficient, universally attainable, and sustainable way, and he suggests that tariffs could be imposed to discourage capabilities reducing growth and to encourage capabilities equality. This approach shares with cultural relativism the assumption that each society may value different functionalities, but it is grounded on egalitarianism in that he suggests there must be some way of judging whether a society is equalizing the capabilities of its people to achieve functionalities valued in that society.

In some respects, DeMartino has created an alternative to the neoclassical vision that has the same scope. He offers a global normative principle that defines the ambit of legitimate competition and leaves countries free to define their own policies within that framework. Still, I wonder if we must choose among such covering laws, even if they are meta-principles. Are there viable norms that are not global at all?; do we, by default validate a private capitalist standard for fair trade if we do not argue, as DeMartino does, for an alter-

native global ethic? The arguments in this text are so sharp that even those who favor a more local ethic, and remain suspicious of all forms of equalizations across countries, will no doubt be forced to deepen their positions. This text deserves to be an important part of the dialogue about how to create durable alternative positions to neoliberalism for a long time to come.

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