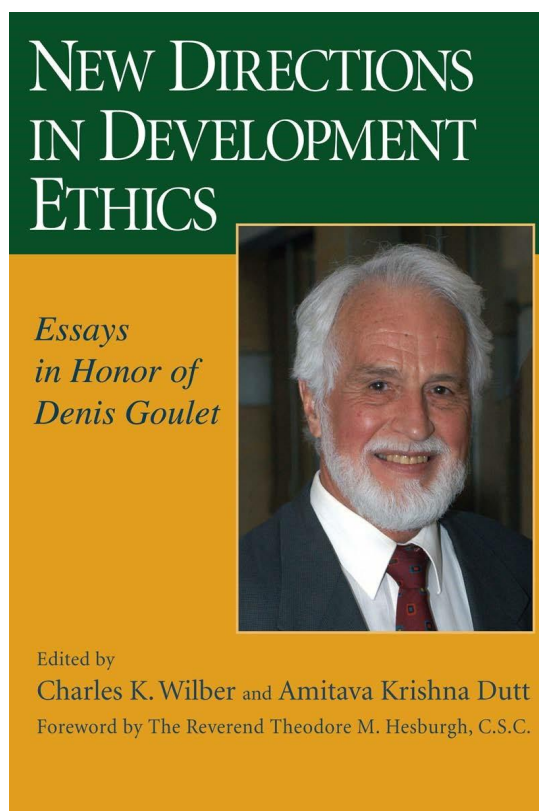


# New Directions in Development Ethics

Essays in Honor of Denis Goulet

Charles K. Wilber & Amitava Krishna Dutt



2010

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# [Front Matter]

## [Title Page]

New Directions  
in Development Ethics  
*Essays in Honor of Denis Goulet*  
*Edited by*  
Charles K. Wilber and Amitava Krishna Dutt  
Foreword by The Reverend Theodore M. Hesburgh, C.S.C.

*Edited by*  
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and AMITAVA KRISHNA DUTT

*University of Notre Dame Press*  
*Notre Dame, Indiana*

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Published in the United States of America

The publisher gratefully acknowledges the support of the Joan B. Kroc Institute for International Peace Studies at the University of Notre Dame in the publication of this volume.

*Library of Congress Cataloging-in-Publication Data*

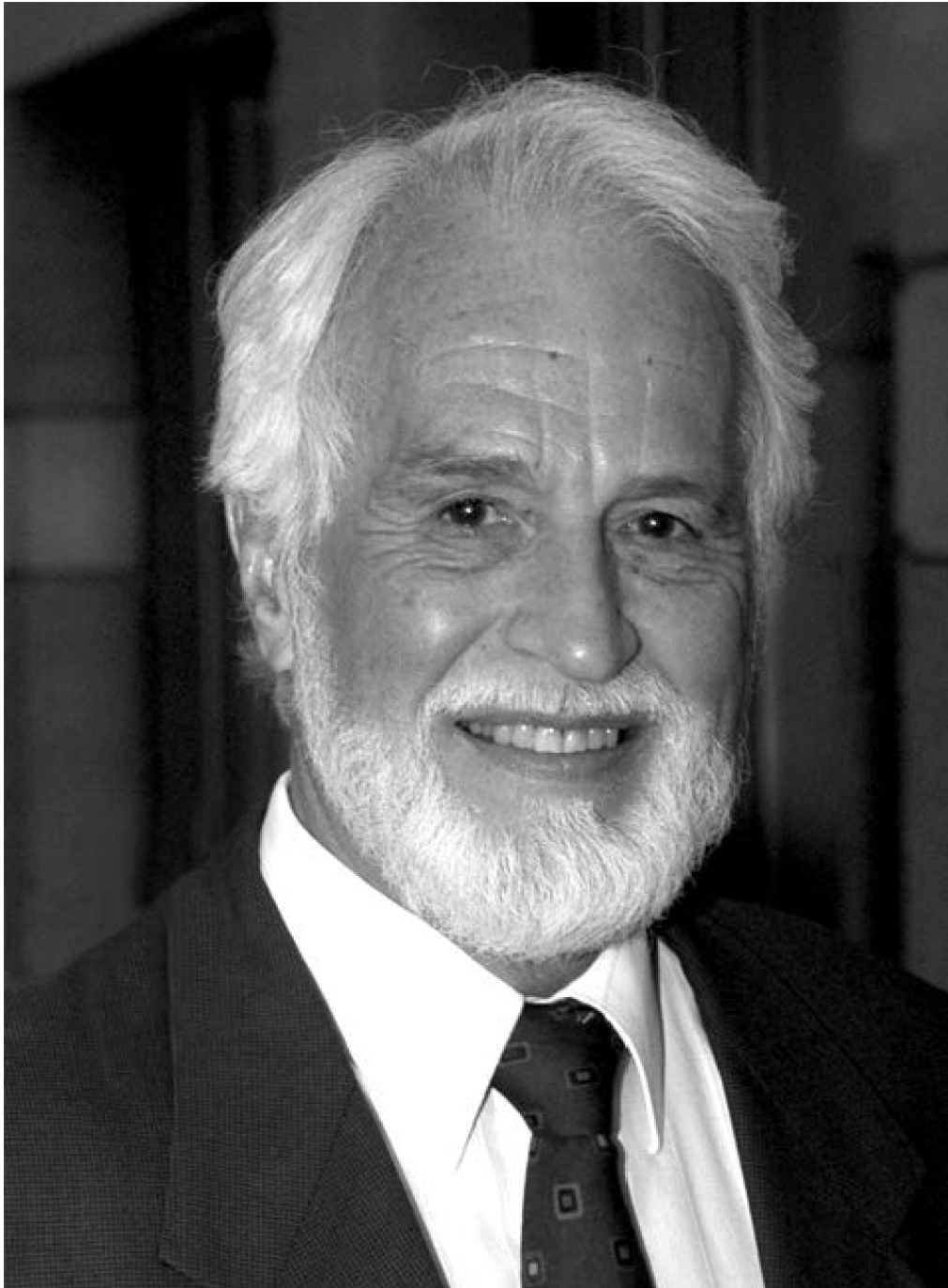
New directions in development ethics : essays in honor of Denis Goulet / edited by Charles K. Wilber and Amitava Krishna Dutt ; foreword by Theodore M. Hesburgh.  
p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-268-02598-4 (alk. paper)

ISBN-10: 0-268-02598-3 (alk. paper)

1. Economic development—Moral and ethical aspects. 2. Economics—Moral and ethical aspects. I. Goulet, Denis. II. Wilber, Charles K. III. Dutt, Amitava Krishna.



Denis Goulet  
May 27, 1931–December 26, 2006

HD75.N478 2010  
174—dc22

2009041712

☒ *The paper in this book meets the guidelines for permanence and durability of the Committee on Production Guidelines for Book Longevity of the Council on Library Resources.*



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# Foreword

I met Denis Goulet when he worked at the Overseas Development Council and I was on its board. Denis was a whirlwind of activity: writing books and giving talks around the world, all while creating a new field of development ethics. Denis was unwilling to accept the standard definition of development as growth in per capita GDP. He wanted to know how that growth was attained. What was its impact on people's values? Were the poor and disadvantaged benefiting? Denis was unwilling to treat these issues in a purely academic way. He went out into the field and observed what was going on. He talked with farmers and lived with nomads. One of his best-known articles was entitled "Development or Liberation?"; he wanted to know if development liberated people from the oppressions of the past only to enslave them to the oppressions of the new capitalist economies.

I invited Denis to join the faculty at Notre Dame, expecting him to stay a few years and then move on, as had been his practice in the past. Much to my delight, Denis stayed and thrived in an atmosphere of intellectual exchange while continuing to work in the field, from Sri Lanka to Brazil. Denis's multidisciplinary approach enriched the curriculum of the economics department, and his research interests expanded the agendas of the Helen Kellogg Institute for International Studies and the Joan B. Kroc Institute of International Peace Studies.

The writers of these chapters indicate how widespread Denis's approach has become, both geographically and in terms of academic disciplines. I invite readers to dive in and taste the delights of intellectual rigor, creative insight, and impassioned concern for human welfare. May it inspire many to take up the cause of human liberation, or, as Catholic theology puts it, may many embrace a "preferential option for the poor."

Reverend Theodore M. Hesburgh, C.S.C.

*President Emeritus, University of Notre Dame*

# Preface

We initially planned to put together this volume in honor of Denis Goulet to celebrate his career after his retirement from the O'Neill Chair in Education for Justice in the Department of Economics at the University of Notre Dame. We approached several of his friends, colleagues, scholars he influenced, and well-wishers. Virtually all of them agreed to contribute a chapter to this planned festschrift. Given that Denis's main area of research is the ethics of development, it is not surprising that all the essays we received are related to it. This made it easier for us, as editors, to put together a coherent volume celebrating Denis's work on development ethics.

Unfortunately, Denis's health deteriorated rapidly after this project began, and he passed away before the book could be published. We are deeply saddened by his death. However, we receive some consolation from the fact that Denis did get to see an early draft of the book and was delighted with it. He also got a chance to read some of the papers. We dedicate this book to Denis and to his intellectual legacy.

We would like to thank the contributors to this volume for their chapters and for (usually) meeting our deadlines, and their patience in the face of many delays. We also thank the University of Notre Dame Press's referees for valuable comments, Christina Lovely for her excellent copyediting, and the staff at the University of Notre Dame Press, especially Barbara Hanrahan and Rebecca DeBoer, for seeing the book through to its conclusion. Finally, we thank Anna Maria Goulet for her support.

The Editors

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# Introduction: Development Ethics and Development Economics

Amitava Krishna Dutt and Charles K. Wilber

The essays in this volume concern development ethics, which can be defined as the subject dealing with the moral assessment of the ends, means, and processes of development. The field is a small one in terms of the number of people who have worked in it, but it is attracting a growing number of adherents both among academics and development practitioners from all over the world. The authors of the following chapters are among the leading contributors to the study of development ethics and economic development more generally. This book was put together in honor of Denis Goulet, who passed away after it was well under way. Goulet was arguably the leading scholar and a pioneer in the field of development ethics; as Crocker wrote—quoting the words Goulet used to describe his own mentor, Louis-Joseph Lebret—Goulet “stand[s] as a giant in an infant discipline (Crocker 2006, xiv). Goulet wrote extensively on development ethics and had a major impact on virtually all scholars in the field. Although *festschrifts* often contain a disparate collection of essays loosely connected to the work of the scholar they are honoring, this volume is a coherent collection that traverses the entire range of issues related to the field and systematically examines new directions in development ethics. The contributors build on the work pioneered by Denis Goulet to present new research in this growing field. Therefore, this collection should be of interest to scholars in development ethics; development practitioners around the world working in governments, international institutions, nongovernment organizations, and private firms; scholars of the development process in general; scholars in development economics specifically; and graduate and undergraduate students studying development and development policy.

In this introduction we attempt to bring the field of development ethics closer to the broader study of development and, in particular, to development economics. This integration, it is hoped, will make the field more accessible and relevant for a wider group of scholars than has been the case previously. We begin with a brief introduction to the life and work of Denis Goulet. The second section provides a broad overview of development economics, focusing on the meaning of development; the third section relates development economics to the study of the ethics of development and,

especially, to the contributions of Goulet.<sup>1</sup> The fourth section briefly introduces each of the following chapters and shows how they draw on the work of Goulet and, when taken together, constitute a coherent whole.

## Denis Goulet: The Development Ethicist and the Man

Denis Goulet was a pioneer in the interdisciplinary study of development ethics; in fact, he is considered by many to be its founding father. Goulet came to the study and practice of development ethics in a roundabout way. Following initial university studies (1948–50) centered on business administration, he turned to the philosophy of religion, in which he earned a B.A. in 1954 and a master’s degree in 1956, writing a thesis critically comparing Thomistic natural law ethics and Kierkegaard’s distinctive religious existentialism.

By the time he completed his master’s thesis, however, Goulet had become disenchanted with the purely academic study of philosophical and religious questions, and he searched for a way of doing philosophy and practicing religion in a hands-on fashion. The example set by the French philosopher Simone Weil (1909–43) and the “worker priests” who shared the hardships and economic vulnerabilities of poor workers so as to give concrete embodied expression to human solidarity, fired his imagination. Equally appealing to him, as one searching for “what to do with his life” was the story of Charles de Foucauld (1858–1916), a French nobleman who became, successively, a military officer, geographical explorer, Trappist monk, and religious hermit. De Foucauld lived for years in the Sahara, where he refrained from proselytizing and cultural conquest and simply shared the life of native Muslim populations as a sign of God’s love for all human creatures. Goulet lived and worked (in 1957–58) in France, Spain, and Algeria with small fraternities inspired by de Foucauld’s life and writings, both as a participant observer and a potential candidate to this innovative Catholic religious order.

Goulet then enrolled (in 1959) in the recently opened Paris-based graduate school for development planning in order to begin a new education as a “philosopher of development,” earning a master’s degree in social planning. There Fr. Louis-Joseph Lebreton (1897–1966) took Goulet under his wing and served as his personal guide in France (in 1959), Lebanon (in 1960), and Brazil (in 1961). Lebreton urged him, and assisted in many practical ways, to define his life’s work and become a development ethicist operating in its several arenas—theory, analysis, pedagogy, planning, and field practice. In 1963 Goulet received a Ph.D. in political science from University of Sao Paulo, Brazil.

---

<sup>1</sup> There are alternative ways of introducing development ethics, including development from a broader perspective and as an application of ethics. We choose the entry point of development economics because we feel it is the most appropriate way of introducing Goulet’s work, but we admit that, as economists, we may be somewhat biased.

From January 1964 to September 1965 Goulet was under contract as a development adviser to the United States Agency for International Development (USAID) in Recife, Brazil. There he met and wooed (under the watchful eye of a chaperone) a beautiful, vivacious Brazilian woman who became the anchor of his life. Shortly thereafter the couple moved from Recife to the University of Saskatchewan, Canada, testing a love that lasted over forty years. Stops in Bloomington, Indiana; Santa Barbara; San Diego; Cambridge, Massachusetts; and Washington, D.C., finally led, in 1979, to Goulet taking a position at the University of Notre Dame at the invitation of Fr. Theodore Hesburgh, C.S.C., then president of the university. At Notre Dame, the Department of Economics, the Kroc Institute for International Peace Studies, and the Kellogg Institute for International Studies were immeasurably enriched by his presence.

Goulet often reflected on how useful it was to have lived with communities of struggle and communities of need, for various periods, in France, Spain, Algeria, Lebanon, Brazil, Mexico, Peru, Sri Lanka, India, and elsewhere. Especially instructive to him were periods spent sharing the life of two nomadic tribes in the northern Sahara (in 1958), of indigenous peoples in the Brazilian Amazon (in 1961), and of Spanish Gypsies in Andalusia (in 1968). Simply living and working, without doing formal research, was essential for the development ethics field he was creating.

Goulet explained his approach to development ethics in the preface to the final collection of his work:

One distinctive feature of “development ethics” is that, at the conceptual level, it operates as “disciplined eclecticism.” It is eclectic in its selection of topics, yet “disciplined” in its mode of studying them. Four attributes characterize any intellectual discipline: it is study which should be systematic, cumulative, communicable and testable. Development ethics aspires to be faithful to these canons. Moreover, as an intrinsically interdisciplinary effort, it seeks to integrate the findings of analytical, policy, and normative sciences as these bear on the multi-faceted development problematic. And at the practical level, whether they conduct field research, engage in policy planning, project management or evaluation, development ethicists assign high priority to the demands of “ethical rationality” alongside the technical and political rationality habitually exercised in these arenas by expert specialists and political authorities. Such considerations as equity, human rights, protection of vulnerable cultures and environments need to be factored into benefit-cost analyses no less than concerns of financial cost, administrative feasibility, and technical efficiency. Accordingly, many values previously regarded as “externalities” are now “internalized” in these analyses. Internalization is best achieved by the explicit integration of qualitative research findings with quantitative data. (2006, xxxii)

Goulet’s determination to emphasize justice in development, to put people at the center of decision making, to insist on respect for cultural differences, and to challenge us to ethical commitment that recognizes the equality of all peoples’ rights everywhere formed the basis for the new field of development ethics.

# Development Economics and the Meaning of Development

Although earlier economists did think and write about problems that later came to be known as “development issues,” it was not until the end of World War II that the systematic and specialized study of the entire range of economic problems of less-developed countries (LDCs) began. The field of development economics was born as a result of a number of factors, including the political independence of several former colonies and the consequent desire of—and pressures on—new nationalist governments to prove their capabilities, the creation of international agencies fostering development, and the specter of communism.

The subsequent history of development economics went through a number of twists and turns, which can be divided into four slightly overlapping phases. The first phase, from 1945 to the mid-1950s, emphasized that underdevelopment is caused by low savings and investment, which created underdevelopment traps because of scale economies; characterized the LDC as having a dual economy with a backward sector and a capitalist sector; and proposed government intervention to overcome underdevelopment. The second phase, from the early 1950s to the late 1960s, emphasized the role of structural rigidities that prevent markets from operating smoothly; argued that trade cannot be seen as an engine of growth; and stressed (although there were a few dissenters) the importance of import-substituting industrialization and *dirigiste* economic policies. The third phase, from the mid-1960s to the late 1980s, found faults with the earlier approaches; some scholars criticized the excessive role of the state and import-substituting strategies, instead advocating more market-oriented strategies along neoclassical lines. Others argued that the focus on growth through capital accumulation and industrialization should be changed to stress human development, poverty, and the fulfillment of basic needs; and yet others emphasized the problem of dependency of the poor South on the rich North. These challenges were interpreted by some scholars as reflecting a decline in the discipline of development economics (Hirschman 1981).

The fourth phase, beginning in the mid-to-late 1980s, has witnessed a revival of interest in development economics and a flowering in different directions. New neoclassical approaches emphasize the importance of information problems and game theoretic interactions between agents and imply a greater role for the government and for improvements in income and wealth distribution in increasing efficiency. The application of new growth theories and related growth empirics to development issues has resulted in a renewed interest in growth in LDCs, especially development traps, but focus has shifted to technological change and institutions rather than on capital accumulation. The application of short-run macroeconomics to development addresses issues such as inflation targeting, international capital flows, and financial crises. The development and application of heterodox macroeconomic theories in a neostructuralist direction have led to the introduction of aggregate demand issues; the integration

of short- and long-run issues, which reveals the long-term problems that can be created by contractionary stabilization policy; and a new focus on the relation between income distribution and growth. Finally, a more institutionalist literature has carefully examined the actual experiences of successful LDCs, especially the newly industrialized countries of East Asia; stressed the role of the state in guiding development with the help of markets; promoted technological change; and emphasized the synergistic relation of the state and markets in the development process.

This cursory overview of the history of the field suggests that a number of alternative approaches to development economics have coexisted, although the fortunes of these approaches have changed over time. Some discussions distinguish between neoclassical, structuralist, and Marxian approaches (see Chenery 1975; Bardhan 1988). The later dominance of the field by neoclassical theory—both in terms of neoliberal policies and in terms of optimizing methodology—has resulted in some loss of pluralism, but the continued interest in neostructuralist and institutionalist approaches indicates that considerable heterogeneity still remains.

The nature of these approaches to development economics can be understood better if it is recognized that alternatives exist in several different dimensions<sup>2</sup>: (1) methods of analysis, (2) analytical views of the economy, (3) the relation between analytical views and the “real” world, (4) strategies and policies of development, and (5) the meaning of development. These dimensions can be clarified by examining how particular (possibly different) interpretations of mainstream neoclassical economics relate to them. Methods of analysis refer to protocols about how explanation is organized, an example of which is the use of individual optimizing behavior. Analytical views of the economy refer to views on the key characteristics of the economy and how the economy as a whole functions, an example of which is smoothly functioning, competitive markets and the full employment of all resources. The relation between analytic views and the real world refers to how—if at all—analytical views are constructed from information about the real world and how they are validated in terms of how they correspond to that world. An example of this relation is that the constructs are developed from some theory-driven axioms, but only the implications of the theory—and not the assumptions—are tested against real-world data using econometric methods. Policies and strategies refer to whether, and what kind of, government policies are recommended—for example, the government should restrict itself to national defense and law enforcement. Finally, “development” can be defined in several different ways; for example, it could be understood as the growth of per capita income. Although some of these dimensions are in principle analytically independent of each other—for instance, one may define development as referring to growth *with* improving income distribution (and not just growth) without changing any of the other dimensions—in practice there may well be important relations between these choices because of sociological affinities or ideological proclivities.

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<sup>2</sup> This discussion draws on Dutt (1992).

Having distinguished between different dimensions of alternative approaches to development economics, we may note that the big debates and swings in development economics have taken place with regard to views of the economy (from structuralist to the neoclassical, smooth-functioning-of-markets approaches and back again to information failures and coordination problems and structural rigidities); strategies and policies for development (from government intervention and import substitution, to government withdrawal and export promotion, to a view espousing market and state synergy); methods of analysis, to some extent (from macrostructuralist methods, class struggle in Marxian terms, and center-periphery distinctions to individual optimization); and how analytical views of the economy are related to the real world (swings between an appeal to stylized facts, case study and institutional methods, econometrics, and survey methods).

Arguably, debates about the meaning of development have been less dramatic. Early development economics generally equated economic development with economic growth—that is, growth in per capita income and gross domestic product (GDP). Ellsworth wrote that “essentially the problem of economic development is that of raising the level of national income through increased per capita output so that each individual will be able to consume more” (1950, 796). Arndt states that from around 1950 to 1970, “economic development was often virtually equated with economic growth, although the former tended to be used mainly for poor, the latter for rich countries” (1987, 51). He also notes that the first comprehensive book on economic development, by W. Arthur Lewis (1955), was entitled *The Theory of Economic Growth*. Nevertheless, it was recognized that this focus on economic growth was an incomplete and partial one. First, it was understood that economic development should refer to distributional issues, not just growth (see Viner 1952, 187). Second, standard measures of economic growth omitted important elements that should be considered when determining growth, especially those relating to questions of nonmarketability and externality. The nature of externalities—such as, for example, changes to the environment due to pollution and depletion of natural resources—do not figure into calculations of GDP as negative impacts. Third, economic development was conceived of more broadly to include sociocultural changes and invoked the idea of “modernization.” Lewis argued that “[p]rogress occurs only when people believe that man can, by conscious effort, master nature ... Even when people know that a greater abundance of goods and services is possible, they may not consider it worth the effort. Lack of interest in material things may be due to the prevalence of an other-worldly philosophy which discourages material wants” (qtd. in Arndt 1987, 53). Myrdal (1968, 59) stated that the objective of economic development is more than just raising material living standards; rather, it is to create “new,” “modern” people. Finally, economic growth was often regarded as a means to something else, not just an end.

The major change that has occurred in development economics regarding the meaning of development is the shift from the emphasis on growth to a focus on income distribution and poverty and on the fulfillment of basic needs. There has also been

a shift in emphasis regarding the importance of environmental issues. These changes, however, do not really shift the focus of the meaning of development in a fundamental way. The focus on distribution and poverty in recent years maintains the earlier emphasis on measuring material means of development, although the focus has changed from average per capita income growth to how income is distributed among people and to the circumstances of people at the lower end of the income scale. The focus on nonmarket production and externalities such as the environment and the role of household production improves on the measurement of material production and takes into account the depletion of resources due to production.

The focus on issues such as modernization—which has occurred mostly outside economics—draws attention to changes beyond increases in the material means of development to ways in which these material means can be increased and the process of making people more inclined to value material means. Thus, modernization is a somewhat expansive process, but it enlarges the meaning of development only in a certain direction: namely, the imposition of certain kinds of Western values on other cultures in a way that is instrumental to growth. These observations imply that the field has not focused on the meaning or objective of development as *ends* but primarily on the material *means* of development—that is, the means of achieving such ends.

A more fundamental change in the approach to the meaning of development came with the basic needs fulfillment and “quality of life” approaches (see Morris 1979; Streeten et al. 1981). Sen (1988), a major proponent of the change in emphasis away from material well-being, or “opulence,” notes that GDP and GDP per capita, even after overcoming the problems of income and wealth distribution and nonmarket production and externalities, only relate to the means of achieving high levels of well-being during a certain period of time. At least four problems arise from this. First, GDP and its variants examine only a certain period of time and do not take what Sen calls a more integral view of a person’s life, which includes interdependencies over time and the length of life. These issues can be taken into account by including measures of how long people live and by emphasizing factors that are related to interdependencies over time, such as education. Second, GDP and its variants consider only the material means of development and leave out nonmaterial means, such as political and social ones. He argues that many of these nonmaterial means are also ends. Third, Sen argues that the *ends* of development refer to the achievement of a better life for people, which, in addition to its *length*, also encompasses the *nature* that life. He points out that “[p]eople value their ability to do certain things and to achieve certain types of ‘be-ings’” (such as being well-nourished, being free from avoidable morbidity, being able to move about as desired, and so on). These “doings” and “beings” may be generically called “functionings” of a person” (Sen 1988, 15). Finally, one needs to go beyond what people achieve to emphasize the process by which choices are made—not just in the negative sense of the absence of restraints on individual choices but in the positive sense of people being free to choose. Thus, Sen focuses on choices open to individuals in terms of functionings, or what he calls “capabilities.” According to this view, well-

being depends not on what is actually chosen by individuals but on the set of options from which they are free (capable) to choose (thereby distinguishing between people who cannot buy enough food to maintain their weight and people who choose to fast or go on a diet).

Despite the enormous contribution that it makes to clarification of the meaning of development, there are some problems with the functionings and capabilities approach. For instance, people can disagree about what list of functionings should be included and what weight should be given to each one in evaluating overall well-being; moreover, these lists and weights may change depending on what is actually achieved by people, issues that Sen calls “value heterogeneity” and “value endogeneity.” Sen’s “solutions” to these problems are generally of a technical nature; he advocates examining well-being in terms of partial orderings, on which there is general agreement across people, as well as in terms of valuations before and after a change in functionings.

## Development Ethics

Development ethics is closely connected with all of the themes of the literature on the meaning of development discussed above, but it also goes well beyond them. This section briefly examines the main themes of the literature on development ethics, drawing in particular on the work of Denis Goulet. This section also examines how these themes are related to the other dimensions of development economics discussed in the previous section and comments on how the broad range of development ethics implies that it involves various levels of analysis.

First, development ethics is concerned not so much with overall growth as with the increase in the material well-being of the poor. It goes beyond these considerations in several respects, however. For instance, development ethics enters into an ethical discussion about why one should care about the poor. Goulet argued that individuals, groups, and nations who are better off have obligations to those who are worse off, calling this “solidarity.” One can provide religious and philosophical justifications of absolute respect for the dignity of the human person, regardless of gender, ethnic group, social class, religion, age, or nationality. Goulet contended, however, that such obligations follow from some empirical realities as well—namely, the fact that the rich and poor are involved in one socioeconomic unity and that the activities of one group have important effects on the other. For this reason all groups have a responsibility toward others, and since the rich arguably have a larger influence, they may be held to be especially responsible for the poor. These concerns are relevant not only within countries but also between countries, especially in the context of globalization (see Goulet 2002).

Second, development ethics emphasizes the role of the environment, not only because of the contribution that it makes to material well-being—an issue that is often stressed by mainstream economists— but mainly because of its intrinsic importance.



Development ethics recognizes the relationship between human beings and nature, particularly the importance of facilitating use of natural resources that is responsible, respectful of biological cycles and the equilibrium of ecosystems— especially those of tropical forests—and in solidarity with future generations.

Third, development is much more than material well-being; it incorporates other changes, including, in particular, that of values. Goulet (2006) argued forcefully that development is fundamentally a question of human values and attitudes, goals defined by societies for themselves, and criteria for determining what are tolerable costs to be borne, and by whom, in the course of change. Modernization is not the goal if it is imposed from outside, especially if it destroys values that are of central importance to those who are experiencing development. Goulet also examined the implications of material well-being for development as a whole, stressing the problems that come with overconsumption. He accepted that a certain amount of material goods—of food, housing, medicine, and for security—is important because it contributes something essential to human well-being. He stated that “there is no care for the soul when the body perishes” (2006, 34). But Goulet also argued against ever-increasing consumption of material goods and consumerism where the focus is on “having” and not “being” (2006, 28). While for many people this view of materialism and consumerism has religious overtones, recent research on subjective well-being also points out that beyond a certain level of income and consumption, further increases do not add significantly, or sometimes not at all, to a person’s happiness.

Fourth, if development is recognized as a means to an end, what is it a means to and how do we find out these ends? To some extent Goulet anticipated the writings of Sen and others on functionings and capabilities and on the fulfillment of basic needs by recognizing early on deprivations such as poor health, lack of education, and lack of self-respect. He and other development ethicists go well beyond the technical focus of much of the literature on the meaning of development by proposing ways in which one can select and weight different ends so they can be included in the concept of development. Goulet focused on religious traditions because of the strong hold they have on many societies, but he advocated an enlightened and critical borrowing of these traditions, such as that espoused by Mahatma Gandhi, rather than a fundamentalist one (Goulet 2005). More importantly, he recommended that development scholars and practitioners examine what people in developing societies, especially the poor who are not trapped by vested interests, want. According to Goulet, authentic development occurs only when people themselves decide what they mean by development (Goulet 1989).

If the opinions of people who are affected by development policies are to be taken into account when we consider the goals and meaning of development, how should one do so? Goulet stressed the importance of nonelite participation in development decision making, and he strongly supported Paulo Freire’s ideal of participation: “For Freire, the touchstone of development is whether people previously treated as mere *objects*, known and acted upon, can now actively know and act upon, thereby becoming *subjects* of

their own social destiny” (1989, 165). As outside experts, development practitioners and scholars must take care not to impose their ethics on the subjects of development, and they should take pains to involve the poor in decision making in a fundamental way at different levels, including local, provincial, national, and global ones. Goulet examined empirical cases in which nonelite participation has been an important aspect of development projects and those in which it had not in order to show not only how the former had been effective in terms of traditional development indicators but to examine under what conditions they successfully gave voice to the poor. For examples of his writings in this vein see his work on Guinea-Bissau (Goulet 1978) and Mexico (Goulet 1983).

These and other aspects of development ethics would have enormous relevance for development economics even if they only had implications for the meaning of development. But given the relationship between the meaning of development and the other dimensions of development economics, development ethics has even broader implications. Most directly, it has important implications for development strategies and policies. In societies in which the government is expected to play a major role through direct activity and by indirectly affecting private decision making, government officials have to make choices among different strategies and policies. This involves judgments about the objectives of development, which not only has a bearing on the effects of growth; income distribution, poverty, inequality across social classes, ethnic groups, and genders; the environment; and meeting basic needs, but also on the design of policies that take into account nonelite involvement. These decisions, in turn, have important implications for decentralization and popular involvement, not only in terms of making policies effective for standard development goals such as growth and distribution but also because of their intrinsic importance. Even in societies in which people prefer a smaller role for the government in economic activity, the government will need to take action to provide the sociopolitical framework necessary for the operation of markets, and this will require the discussion of development ethics. Moreover, development ethics may also be important for the strategies of nongovernment institutions and profit-making firms and how the government reacts to these strategies.

Development ethics also has a major role in terms of one’s view of the economy—that is, whether one considers income distribution, poverty, and the environment as important elements in the analysis of the economy and whether one takes into account ethical and religious values as major factors affecting individual and group behavior. Whether or not (and how) one introduces these considerations as important elements of the analysis depends on their empirical importance rather than on whether one thinks that these issues are intrinsically important. But if one does think that they are intrinsically important, the development economist is more likely to start from the position that they are important and then make an effort to empirically examine their importance rather than just assume that they are unimportant. For instance, it may be argued that the focus on the relationship between poverty and growth came to be examined and incorporated into views of the economy only after poverty was considered

to be an intrinsically important issue. Early development economists merely assumed that growth was a means to reducing poverty but did not explicitly incorporate it into their view of the economy, focusing instead on saving, investment, technological change, and growth.

Development ethics also has important implications for the method of analysis and on how one views the relation between analytical views of the economy and the real world. Since development ethics is concerned with a number of value issues that are normally studied outside economics, it is implied that development economics is multidisciplinary by its very nature. Denis Goulet spearheaded the interdisciplinary study of development ethics, writing that “in development ethics no hard and fast lines separate theory from practice, and no impassable barriers impede the crossing of disciplinary boundaries. Development ethicists are, of necessity, selective consumers of findings from other disciplines, including the discipline known in Spanish as *la vivencia*—the living of life” (2006, xxxiii). Moreover, the focus on values may require a critical perspective regarding the mainstream method of the optimizing agent, which typically ignores values and norms. Of course, these issues can be incorporated into the optimizing model—anything can be! But the bounded rationality of the analyst makes him or her focus too much on the technical aspects of optimization and ignore arguably more important aspects of behavior involving values, norms, and institutions. The analyst should give more attention to carefully examining how people actually behave rather than simply making up optimizing models of their behavior (although there is no harm in using optimizing behavior to increase one’s understanding of this behavior). In doing such empirical work, it may be necessary for analysts to immerse themselves in societies they wish to understand—rather than relying only on secondary data—while taking care not to see only what they want to in terms of their preconceived “scientific” notions and change reality in their own image. Goulet discussed this issue mostly for outside, foreign development experts in LDCs, to whom he gave the name “one-eyed giants” (Goulet 1980), but such comments may also apply to indigenous researchers who are likely to be affected by international demonstration effects and educational systems still intellectually dominated by foreign scholarship.

This discussion of the major themes of development ethics suggests that the subject involves various levels of analysis. The International Development Ethics Association distinguishes between different, though complementary, levels of inquiry in development ethics:

- Reflection: Philosophical thinking can clarify what development is; it can defend normative positions by critical and rational thinking about ethical alternatives; it can identify the complexities involved in the rational choice of means. Philosophical and theological reflection can provide a basic understanding of the human condition and of morally relevant facts.

- Application: The social scientist, technologist, economist, medical expert, or agriculturalist can integrate their expertise with properly articulated values to make their prescriptions and policies more ethically authoritative.
- Practice: The committed development worker or policy maker engaged with concrete problems can gain from more abstract thinking and at the same time keep such reflection firmly rooted in and informed by development practice.<sup>3</sup>

Denis Goulet himself contributed to all these levels of analysis, weaving them together in many of his contributions.

## Contents of the Volume

The essays contained in this volume can be conveniently divided into three parts that deal with the three levels of inquiry listed above, although several of the essays relate to more than one level.

### Reflection

The first part contains essays that reflect on the nature of development ethics by drawing on philosophical and religious traditions. Nigel Dower, in “Development and the Ethics of the Means,” explores in a parallel and complementary way the various ethical issues that arise when one looks at the way development is pursued and the relationship between its end and its means. Ethical values can act as side constraints on development goals; or they may be seen as conducive to development goals; or they may be seen as constitutive of development—for example, among the

goals of development may be democracy or justice, which are also part of the means to achieving it. The question arises whether it is ever justified to pursue development goals, including the future greater realization of ethical values, by unethical means. Dower argues for the presumption against this on the basis of Gandhi’s observation that the “means are the ends in the making,” which is interpreted as a normative claim that we ought to show in the means the values we are pursuing as ends.

Andy Yuengert, in “Prudence and Development Ethics,” points out that in many ways the field of development ethics is intensely practical. It contains a rich reflection on the nature of the human good in society and a large body of theoretical reflection on the challenges of development. Nevertheless, the discipline lacks a theory of action, which describes in a general way the final step of moving from analysis to action. Because action takes place in a complex, contingent environment, a theory of action must outline the virtues that make effective judgment and action possible. This chapter offers

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<sup>3</sup> See “Types of Value Inquiry,” at [http://www.development-ethics.org/what\\_is](http://www.development-ethics.org/what_is) (accessed June 1, 2009).

Aristotle's theory of prudence (practical wisdom) as a set of unifying principles. These principles furnish a coherent framework for many common themes in development ethics by emphasizing the subordination of disciplinary expertise to ethics, by insisting that high ideals be embodied in concrete circumstances, and by placing the acting person at the center of development ethics.

In "Development Ethics: A Road to Peace," Adela Cortina argues that positive peace requires development and, in turn, development requires development ethics. Her chapter proposes a model of development ethics that has two roots: Denis Goulet's pioneering contributions to the ethics of development, and a conception of applied ethics that stems from the Kantian ethics of discourse and the Aristotelian conception of "practice." Working toward development can be understood as a cooperative social activity in which practitioners act such that goods internal to the activity of development are realized and socially legitimated. Cortina examines different aspects of this work, including internal goods that establish conditions of justice in order to enable people to choose their conception of the good life, ethical principles, universal and culture-specific values, virtues of development practitioners, the role of social agents, and broad models of development.

James Sterba, in "Our Basic Human Right Is a Right to Liberty and It Leads to Equality," provides a justification for equality and basic needs fulfillment—important aspects of Goulet's development ethics—by starting from the libertarian premise that there should be an absence of interference by others from what one wants or is able to do, which is generally interpreted as being inconsistent with egalitarian ideas. He argues that the libertarian view that the rich have the right to use their resources for any purpose they wish (for instance, on luxury consumption) even if the poor lack the resources to satisfy their most basic needs conflicts with the liberty of the poor to not to be interfered with when taking surplus resources of the rich to satisfy their needs. Given this conflict between the liberty of the rich and poor, Sterba uses the "ought" implies "can" principle to argue that the liberty of the poor is morally preferable to that of the rich because the poor make an enormous sacrifice in relinquishing their liberty. He further argues that recognizing such a right to welfare as applicable both to distant peoples and future generations will lead to an equal sharing of resources over place and time. This liberty-based argument is then defended against various objections, particularly those raised by well-known libertarian Jan Narveson.

In "The Persistence of Religious Values and Their Influence on FaithBased Development Institutions," Sheldon Gellar asserts the capacity of traditional religious values to adapt and contribute to mobilizing believers to engage in development activities. He begins by demonstrating how Denis Goulet's work in development ethics, especially his concept of existence rationality, underscores religion's potential for generating spiritual capital and inspiring alternative development strategies based on transcendental values. Gellar then goes on to explore the influence of religious values on faith-based international nongovernmental organizations (NGOs) pursuing development goals, distinguishing between those working with people outside their own faith communities

and not seeking to proselytize them and those seeking to proselytize other faith communities or refusing to work with them. Finally, the chapter enters into the realm of the practice of development ethics by providing examples of national- and local-level faith-based organizations that are promoting the development of their country and communities as well as working with other faith communities to pursue similar ends.

Amitava Dutt's chapter, "Religion and Development Ethics: The Case of Hinduism," follows Denis Goulet in questioning the view of development that focuses only on material growth, as does much of mainstream development economics, and follows his suggestion of developing alternative development ethics based on religious traditions by examining the case of Hinduism. Dutt argues that Hinduism's basic tenets downgrade the importance of material possessions and high levels of consumption and points out that much can be found in Hindu texts and practices that support a focus on poverty, inequality, and the environment. Hinduism is not unequivocal on these grounds, however, especially with regard to caste and gender issues; therefore, as noted by Goulet, those working in development ethics need to be selective in incorporating elements from religious ideas. Moreover, Dutt argues that caution is required in the manner in which development ethics are derived from religious traditions in order to promote tolerance and peace rather than bigotry and conflict.

"Goulet on Vulnerability as a Key Concept in Development Ethics," Luis Camacho's chapter, focuses on the concept of vulnerability—the lack of defenses against forces that propel people to change—that Denis Goulet stated was the key notion for understanding both development and underdevelopment in *The Cruel Choice* (1971). Camacho argues that the concept is still a powerful one, not only in understanding how socioeconomic processes affect people but also in describing personal experiences of people in both developed and developing countries. While the poor experience underdevelopment as vulnerability, development does not imply its absence; instead, it gives rise to a different kind and degree of vulnerability—for instance, to violence, natural disasters, and global climate change. Vulnerability of both kinds may well depend on the nature and consequences of the relationship between the rich and the poor and as both individuals and nations. Camacho's analysis of vulnerability leads to the posing of ethical questions proper, since ethics is the power of those who do not have political or economic power. The chapter concludes that, in spite of changing conditions, Goulet's choice of vulnerability as the key notion for approaching underdevelopment from an ethical perspective has proved to be a wise one.

## Application

The second part of the book deals with applications of development ethics to economic analysis, economic growth, technological change, violent conflict, and globalization. Charles Wilber points out in "Economics and Ethics" that international development is dominated by economists brandishing economic theory as a value-free science that explains how to overcome poverty in the world economy. Development ethicists

are tolerated as well-meaning people who have little useful to say beyond platitudes such as do good and avoid evil and who should not get in the way of the real scientists. He argues, however, that the claims of these mainstream economists do not stand up under logical and factual scrutiny. Economic theory is not value free but rather embodies a worldview that structures the questions it asks, the methods of inquiry it approves, and the answers it sees as appropriate. This chapter, therefore, focuses on how economics is imbued with ethics and how that in turn means economic theory needs development ethics before a truly useful development theory is possible.

In “Ethical Dilemmas of Theory or Reality? Three Approaches to the Inevitability of Sacrifices in Economic Development” Javier M<sup>a</sup> Igm- niz Echeverria addresses a key issue in development ethics: the need for significant sacrifices by people during the process of economic development. He suggests that some of the costs may *seem* unavoidable, and therefore morally acceptable, due to particular assumptions underlying theory construction and the design of alternative economic choices. The chapter reviews three aspects of economics that involve such assumptions. The first is the full utilization of resources such as labor and capital. In the presence of coordination problems, resources may be unutilized and progress without costs may be possible. The second is that savings requires sacrifice and abstinence. But saving by the rich, who have very high levels of consumption, may involve no sacrifice, and with unemployed resources an increase in consumption can increase income and saving. The third aspect is that growth requires the accumulation of physical capital, which involves sacrifices, rather than the accumulation of human capital. But if human development in the form of improvements in health, nutrition, and education can lead to growth, both present and future welfare can increase.

Paul Streeten argues in “Technological Nightmares” that although technological change has had many positive effects on the economy and on the standard of living of people, and does not necessarily damage the economy or the environment, there are many reasons to be wary of some of its consequences. He argues that new technology can cause much damage due to errors and because its successes result in changes in behavior that can lead to unintended, and harmful, consequences. Streeten then discusses six concerns associated with technological change: advances in the absence of sociocultural changes can cause greater inequality and unemployment; changes in surveillance technology can result in great danger due to the destructive use of information; the ability to change the genetic structure of individuals can bring about improvements in health but also create something like Frankenstein’s monster; new technology can result in the spread of weapons of mass destruction; cyber-errors can lead to disasters; and, although the probability is believed to be low, scientific experiments can result in catastrophic damages. Such fears call for elected officials to rely on better ethical principles when allocating resources for technological research and for experiments with possible catastrophic consequences to be stopped completely.

Chloe Schwenke’s chapter, “Africa’s Violent Conflicts and Universal Solidarity: The Moral Burden of Responding to Urgent Need,” examines the moral burden of rich

countries in responding to urgent need in situations of violent conflict in poor countries. She considers the immoral nature of conflict and the leaders of such conflict, as well as the positive moral obligations that arise both out of the special relationship that donor countries have with the countries to whom they offer preconflict development assistance and the unquestioned capacity of such donor countries to be effective in the face of conflict. The different moral relationships that characterize relief, development, and political/military interventions are considered, as is the unavoidable imposition of Northern values when relief workers rush to the aid of conflict afflicted countries in the South. Finally, Schwenke explores the topic of transitional justice, and specifically the “peace at any price” trajectory, that characterizes the peace negotiations between the government of Uganda and the Lords Resistance Army of Joseph Kony.

Asuncion St. Clair, in “Global Poverty: Development Ethics Meets Global Justice,” takes the view that any plausible conception of what may constitute fair globalization needs to address the processes that produce and reproduce global poverty. She argues that the ethical aspects of global poverty lead to a redefining of both development and globalization. In addition, as the “global” increasingly impinges on every field of knowledge (and praxis), practitioners of development, philosophy, and ethics—and those working at the intersections of these fields of knowledge—are forced to redefine their scope and subject matter. This, in turn, has consequences for the ways in which globalization is treated and, in particular, for the emergent field of globalization studies. The main point of the chapter is that the ethical aspects of globalization are interrelated with the knowledge, policy, and moral understandings of poverty reduction. This perspective is investigated by the fields of development ethics and global justice. Poverty needs to be treated globally and not as a social fact that occurs only in developing countries. This entails a re-engagement with literature and theories within the fields of development studies and poverty research.

## Practice

The final part of the book contains chapters dealing mainly with the practice of development ethics. In its first chapter, entitled “The Economy of the Spirit: Religion, Ethics, and Development in the Thought of Denis Goulet and in Contemporary Practice,” R. Scott Appleby and Carl Bindenagel demonstrate the importance of religious perspectives and organizations for an authentic development that honors peoples’ values and cultures. They argue that Goulet’s critique of secular schemes of development was influential in its own time and has been vindicated by events and debates that unfolded at the turn of the twenty-first century. Any conceptions of, and approaches to, economic development that reduce human needs and aspirations to the merely material; underestimate the cultural and social imperatives of solidarity, subsidiarity, and interdependence in a globalizing world; or ignore local religious and cultural actors and values are likely to produce unintended consequences. Turning to practice, they argue that religious individuals and organizations have exercised modest but real influence



on the international level, through debt relief campaigns and dialogues with the World Bank and the International Monetary Fund (IMF), and they are poised to contribute in significant ways to reforming local development practice in the direction of greater inclusivity and efficiency through both planning and implementation.

The next three chapters examine general issues of practice, such as participatory democracy and leadership. David Crocker, in "Participation in Local Development: Goulet and Deliberative Democracy," attempts to improve the theory and practice of deliberative participation in local, grassroots, or micro-development initiatives. To go beyond vague generalizations about the benefits of "participatory" development and "empowerment," Crocker draws on Goulet's discussion of nonelite participation in development, which distinguishes between its intrinsic and instrumental benefits, its different scales (such as in national elections and face-to-face involvement) according to who initiates it, and the point of decision making at which it occurs. Crocker goes beyond Goulet's analysis, however, by distinguishing between the degree of inclusiveness, the causes and degree of impediments to inclusiveness, and the nature or form (such as, for instance, passive, consultative, or bargaining) of participation. He also responds to three criticisms of deliberative democracy: it is insufficiently determinate and in fact accentuates existing inequalities, it places too many constraints on society's decisionmaking abilities, and it is unrealizable in an unjust world.

Jay Drydyk notes that thirty-five years ago Goulet broached the question of what degree of stakeholder participation in development decision making is optimal. The answer, Goulet suggested, had to be informed not only by empirical study but by an ethical value: the point of participation, after all, is to make people better able to be the agents, not merely beneficiaries, of development. Now this is called "empowerment." Drydyk's chapter, "Participation, Empowerment, and Democracy: Three Fickle Friends," examines prospects for evaluating participatory development schemes by this standard as well as another: how far they render development decision making more democratic. Drydyk argues that Goulet's claim that participation is better the earlier it begins is vindicated by these values and by recent proposals by the World Commission on Dams. He asserts, however, that no such rule is uniformly correct, because participation schemes that succeed in making development more democratic may fail to be empowering, and vice versa. In addition, gains in empowerment and democracy locally can be undermined by national and international actors.

Des Gasper, in "Values, Vision, Proposals, and Networks: The Approach of Mahbub ul Haq," explores the issue of leadership in the context of ethically oriented human development by examining the case of Mahbub ul Haq (1934–98). Gasper makes the case that leadership plays an extremely important role in the formulation and practice of human development and argues that good and effective leadership requires leaders to provide a way of seeing, a vision, rather than only isolated observations; express and even embody inspiring values; incorporate values in practical frameworks, methodologies, and proposals; and be able to propagate ideas through networks in places and in ways accessible to significant audiences. He then examines how Mahbub ul Haq was

able to propagate the human development approach successfully because he embodied these characteristics of good leadership.

The fifth chapter in this section returns to one of the themes discussed in part one on reflection—that is, equity—but we include it here because it presents a development practitioner’s perspective. In “Gauntlets of Equity: Practical Ethical Challenges for Development Tomorrow,” Katherine Marshall explores some historical dimensions of equity issues, including various uses of the term and its very different roots. Her chapter highlights links between equity and global approaches to poverty (notably, those of the Millennium Development Goals), concerns about security and anger around social injustice, and economic growth models and debates. She discusses the significance of efforts to define a common global ethic and its relation to human rights, cultural facets of debates about equity, and various practical aspects related to social policy instruments and inequity. Marshall concludes that while the term “equity” is widely used, it is equally widely abused, and thoughtful discussion on the intertwined ethical issues involved is an urgent need.

The final three chapters of the volume discuss applications to specific contexts, examining in turn macroeconomic policy in the United States, community development in Romania, and development policy in Mexico. Denis Goulet’s (1971) ethical framework from *The Cruel Choice* provides the basis for Kenneth Jameson’s assessment of contemporary macroeconomic policy in the United States. After describing Goulet’s ethically mandated goals for macroeconomic policy, Jameson’s chapter, “Ethics and Contemporary Macroeconomic Policy,” reviews the current status of the perennial debate of state-versus-market, twenty-five years after the concerted attack on the state launched by the Reagan-Thatcher regimes. Jameson then turns a critical eye on macroeconomic performance during the two terms of George W. Bush, using indicators that had previously been suggested to evaluate Reaganomics. While the record is mixed, his overall view of the economic performance is negative. Indeed, a plausible case can be made that the United States exhibits a number of indicators that support beginning to think of it as a “failed state.”

Denis Goulet was among the forerunners of a movement to promote what he called “authentic development,” a mode of development founded on local values and local participation and that sought to build esteem and freedom in addition to increasing life sustenance. After highlighting key aspects of authentic development in “Building Social Capital in Postcommunist Romania: The New Horizons Foundation and Experiential Education,” Roland Hoksbergen examines the strategy and experience of the New Horizons Foundation (NHF), a development organization in Romania striving to build and strengthen social capital in a community and nation where value foundations and local institutions were seriously eroded and corrupted during forty-five brutal years of communism. Working through the strategies of adventure education and service learning, NHF partners with the Orthodox Church and the Romanian Ministry of Education as it builds capabilities in young people, helps them recover and claim their own traditional values, and empowers them in service to their own communities. In so

doing, NHF provides a case study of one organization that is learning how to balance process and results, form local leaders, and respect traditional values in a development program that seems very much to live up to the hallmarks of authenticity.

Jaime Ros, in “Mexico’s Development Strategy since 1983: Results and Challenges,” reviews the changes in Mexico’s development policies over the past two and a half decades, starting where Goulet left off in his analysis of Mexico’s economic development in his book *Mexico: Development Strategies for the Future* (1983), which was written during the debt crisis of 1982. His chapter reviews, first, the main market reforms undertaken in response to the 1980s crisis (trade liberalization, privatizations, financial and foreign direct investment deregulation) and their immediate consequences. He then turns to a discussion of the economic growth slowdown during the reform and postreform period, giving special attention to the causes of the weak investment performance (low public investment, currency overvaluation, dismantlement of industrial policy, and lack of banking finance). Finally, Ros looks at how the economic and social fruits of growth have been distributed among the population—that is, what has happened to income distribution and poverty during the recent period, including their regional dimensions.

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# **Part I: Reflection**

# 1. Development and the Ethics of the Means

Nigel Dower

## Introduction

From my first meeting with Denis Goulet—in Costa Rica in 1987 at the first international conference of what became the International Development Ethics Association—it struck me that one of the most interesting aspects of his complex thought on development ethics was his interest in the ethics of the means—what he sometimes called the means of the means. Apart from this methodological approach, it is clear from his writings that what he saw as important about the process of development is not so much the material ends being pursued—especially economic growth—but the way development is pursued in terms of the values of the process, such as, notably, social justice, respect for an authentic culture, and ecological respect for nature.

In *Development Ethics*, Goulet wrote:

Development ethics must pay attention to political and economic imperatives while recognizing that these operate in highly diverse settings marked by varied cultural antecedents, resource endowments, and explanatory meaning systems. In a word, development ethics must become a “means of the means.” ... Ethics must somehow get inside the value dynamisms of the instruments utilised by development agents and itself become a “means of the means.” Ethicists do not discharge themselves of their duty merely by posing morally acceptable values as ends of economic action. Nor does it suffice for them to evaluate, in the light of some extrinsic moral rule, the economic and political instrumental it is employed to pursue those ends. Rather, ethicists must analyse and lay bare the value content of these instrumentalities from within their proper dynamism. (Goulet 1995, 24–25)

I want to do two things in this chapter: first, explain some of my own thinking about means-end issues that I take to be complementary to Denis Goulet’s approach, and second, show a link between my thinking and the thought of Gandhi—an association I feel Goulet would welcome, given his frequent favorable references to Gandhi in his own works. I am aware that my style of writing in the analytic tradition of Western philosophy is somewhat different from Goulet’s, but I hope this will demonstrate how thinkers from different traditions can converge on what they regard as important. I

should make it clear that this is not an exposition of Goulet's work but rather a parallel discussion, partly inspired by the approach he took when I heard his paper in Costa Rica in 1987.

## Means and Ends

Development is not merely a process of socioeconomic change, or even a process that we might evaluate post facto as good or bad; rather, it is something that is pursued. As Aristotle noted at the beginning of the *Nicomachean Ethics*: “Every art and every inquiry, and similarly every action and pursuit, is thought to aim at some good; and for this reason the good has rightly been declared to be that at which all things aim” (Aristotle 1966, 1094a1). This insight is particularly important in thinking about development. Any pursuit of development is based on values; sometimes the values are not the right ones, of course, but even those who have development agendas that are not ethical will need to “justify” what they do in the name of development in ethical terms. Indeed, what Aristotle says later on the same page is equally important: namely, that means and ends form chains in which one action or set of activities may be the end of some other action but also be the means to some other end—for example, bridle-making serves riding, which serves strategy, which serves politics. Development is likewise pursued at multiple levels. Particular actions may be performed as part of a project; a project may be any part of a long-term strategy or five-year plan; and the overall development policy of the government or the agency may be seen in terms of an overall vision of how society may be developed fully in the future. Aristotle's analysis of means-end reasoning applies both to the actions of single agents and the multiple actions of many agents. The latter is reflected in the structure of means and ends in the pursuit of development where the process is not totally in the control of the many human agents involved—and certainly not of any particular human agent. Still, Aristotle's analysis reminds us of the key point that development is not something that simply happens; rather, it is pursued and therefore implies values. What follows, however, is not intended to be an exposition of what Aristotle thought about the ethics of means and ends or would have thought about them had he considered social development.

At each of these levels, certain key questions of an ethical kind arise. First, is the goal being pursued one that ought to be pursued? Second, are the actions being taken to realize the goal the right ones? The first question breaks down into several further questions: What are the values in a goal? Are these the right or adequate values? By what processes are the goals decided upon? In the case of the government, was this democratically mandated? In the case of any agency, was the goal decided on the basis of consultation and negotiation with those being affected?

The second question likewise breaks down into several further questions: Are the means being taken ethically satisfactory? Do they, for instance, avoid violence, coercion,

or manipulation? Even if the means are in themselves not ethically problematic, two further questions may be raised: Are these means the most effective means for achieving this goal, or might there be better ways of achieving the goal, perhaps at less cost? Are these means as consistent as possible with other values that ought to be promoted as well—for instance, protection of the environment (which may not be what is being pursued) or proper respect for local cultural traditions (which may not be properly factored into the introduction of some modernizing feature of development)?

What I want to focus on is the ethical evaluation of the means and how this relates to the ethics of development itself. As Goulet put it, “*how* development is pursued is no less important than *what* benefits are gained” (Goulet 1995, 7; emphasis in the original). Let us consider certain key values that would naturally be seen as important to the way development is pursued: fairness in the way we treat others; respect for others’ rights; the democratic process; genuine participation; nonviolence and lack of coercion; caring for the environment; respect for the diversity of both individuals and cultures. That is, if development is, as its advocates commonly state and indeed emphasize, about making people more wealthy, reducing unemployment, and providing better houses or better social services, then the way these outcomes are achieved should involve these process values. There is, of course, another level at which these values are themselves often regarded—and rightly so—as goals as well. For instance, within a development strategy we may be aiming at the more socially just order—a society in which human rights are adequately protected, all forms of violence are delegitimized and largely absent, or there is genuine cultural diversity. Thus, these values are both goals and means.

This can be represented in a fairly schematic way as follows: it is one thing to pursue  $x$ —where  $x$  is a value—but it is another thing to act  $x$ -ly. And one of the questions that arises, of course, is whether it is sometimes morally acceptable to pursue  $x$  by acting non- $x$ -ly. One of the critical areas in this regard is the pursuit of peace: it is one thing to pursue peace or to promote the conditions of peace but another thing to act peacefully, and it is by no means the case that most people, let alone all people, accept the proposition that one should promote peace only by peaceful means. Thus, the way such core values enter into development thinking is in two distinct but separate ways: as goals and as means. My argument is that we ought to see the relationship between these ends and means as a more intimate one than is commonly supposed. Before I develop this thesis and its relevance to development, however, I need to unpack a little bit more the various ways in which the ethics of the means can be understood in relationship to development. The commitment to ethical values with regard to the way development goals—whatever they are—are pursued can take three different forms.



## Ethical Values as Side-constraints

The first is to see them as some kind of side-constraint on the pursuit of one's goals. Indeed, any intentional action—other than perhaps activities like doodling—has the following minimal structure: a goal, a way of achieving the goal, and a judgment that that way of achieving the goal is ethically satisfactory (or not, as the case may be for selfish behavior). If the agent is committed to acting ethically, then this will constrain or limit the options open to him for pursuing the goal. Of course, acting ethically is part of the broad intention, but its relationship to the goal is not one of means, at least in any straightforward sense. It may be the case—though it need not be the case—that pursuing development ethically is also an effective way of pursuing it or, indeed, the most effective way of pursuing it. (I will return to this issue below.) The point here is that the justification of pursuing development ethically is not that it is an effective or the most effective way of doing so; rather, it is that as ethical beings we need to do what we do according to ethical standards, and this includes the pursuit of development by public agents, and so on. In this regard much of the criticism in practice of what governments, business people, and ordinary agents do because of corruption, nepotism, and so on is, in fact, a criticism of development not because of what is being pursued in the name of development but because of the unethical ways in which development is being pursued.

## Ethical Values as Conducive to Development Goals

Second, someone may advocate pursuing development in various ethically acceptable ways because, generally speaking, acting in ethical ways does indeed advance the goals of development. Commitment to democracy and participation, empowerment of women, general respect for rights, transparency and integrity in government and business, commitment to peace and nonviolence as a way of resolving differences, and so on are all judged to advance the goals of development, which, as I indicated before, may or may not include the same values. Even if one thought that the goal of development was economic growth and not much more, one might still hold that adherence to all or many of the above values would indeed contribute to greater economic growth. Clearly, the empowerment of women, for instance, may well lead to growth generation (see, for example, Sen 1999, chap. 8).

But nowadays most development thinkers will at least recognize some ethical values, such as empowerment of women or distributive justice, as being among the goals of development as well. Striking among those who advocate that each development value will, if realized, contribute to the realization of other development values is Amartya Sen, who makes the point in terms of the various freedoms or capabilities that, if developed in individuals and supported by social and legal structures, will lead in mutually supportive ways to the realization of other freedoms (Sen 1999). One does not have to

recognize or claim a full complementarity of different development values to welcome Sen's approach and argue that on the whole this is so. The case of peace is instructive: it is generally recognized that peace is an essential precondition for almost all development goods since war, violence, and insecurity undermine development goals. Yet, some will argue that on some occasions violence, for all its immediate destructiveness, may be necessary for longer-term development.

## Acting Ethically as Constitutive of Development

We can now make explicit the third sense in which the way ethical values inform the means of how we pursue development relate to development itself. It is not just that acting in accordance with these ethical values causally contributes to the greater realization of these values in society. In a sense, expressing these values in one's actions—including actions designed to further development goals—is itself *constitutive* of development. For example, if people participate in democratic decision making or engage in dialogue rather than coercion in getting decisions made, this may lead to various good development outcomes, including, perhaps, contributions toward a society with a more democratic or dialogical culture. But in a sense, if acting democratically or dialogically is seen as ethically important in its own right and as part of what makes a person or a group live the kind of lives they have reason to live, then the process itself is part of what ought to happen in the name of development. We can say that ethical values are both the means and the ends of development within a single act, though perhaps it would be more accurate to say that acting ethically, in being a means, is a constituent of the end. Incidentally, this idea of certain kinds of means constituting stage by stage the realization of an end is already apparent in some other things Aristotle says about happiness and the actions that are done “for its sake.”

More needs to be said about the relationship between these three senses in which acting ethically informs the pursuit of development. A reasonable and fairly strong thesis might be that development ought always to be pursued ethically because of the intrinsic rightness of so doing, that such ethical action is already constitutive of development defined partly as the progressive realization of such values, and that generally speaking, pursuing development ethically leads to the other goals of development. This is not the strongest claim that could be made, however. If someone thought that acting ethically was *always* the most effective way of realizing all development goals, then of course a completely consistent case could be made for acting ethically in the pursuit of development. Though I am an optimist, I think it would be unrealistic to claim that there will never be occasions when the goals may not be most effectively realized by remaining strictly ethical, and certainly it would be unrealistic to suppose that many or most people would not, in fact, believe this. Of course, if one thought—though many will not so think—that acting ethically was constitutive of the value of development as a process, one would have less reason to act unethically in the pursuit of some end

than if one did not. But even so, such a position allows for the possibility of someone arguing or persuading himself that the end justified the means in the area of development as in other areas of ethical decision making, and that the value of acting ethically at the time may be sacrificed for the sake of the ethical importance of the goals being pursued.

## The Means Are the Ends in the Making

My final point, therefore, is to make a case for saying that the pursuit of development ought always to be done ethically, partly because it is a constitutive element, partly because we ought to act ethically anyway, but also—and this introduces a new consideration—because there is a certain kind of relationship between means and ends that makes them ethically intertwined, so to speak, in any case. Goulet himself made the point I'm getting to rather succinctly when he said “one's ethical stance on ends is dramatically revealed in the means one adopts to pursue them” (Goulet 1995, 12). This has a remarkable similarity to a remark made by Gandhi, which I first saw on a Quaker poster. The latter read: “the means are the ends in the making” (see Gruzalski 2001).

This can be read at two levels: first as a normative claim, and second as a metaphysical claim. It is clear from the general tenor of Gandhi's thought that what he was really driving at here was the claim that the means we take ought to express the values that we are trying to promote. Thus, if we are pursuing peace, we should do so peacefully; if we are pursuing justice, we should act justly; if we are promoting human rights, we should respect human rights in the process; if we are trying to establish democracy, we should treat other people democratically in the process; if we are trying to promote the truth, we should do so truthfully. Put this way, it might be technically possible to accept these judgments but then go on to say one could pursue justice violently, or pursue peace unjustly, and so on. That is clearly not the point of the saying: if we accept all these values as goals—and a further argument is needed to show that we all have reason to do so—then the expression of all these values in what we do should apply to all our actions.

I am tempted to put what I think is the key point here in a Kantian-type formulation, though clearly I am not suggesting that a Kantian should accept this. The principle would be this: act so that the means you adopt are value-consistent with the system of ends to which you are committed. Just as Kant thought that our practical reason requires that we adopt means necessary to our ends, and that one adopts the categorical imperative with regard to one's relationship to others (Kant 1949), so one might argue that practical reason requires one to have an internal consistency of an ethical kind within the structure of anything one does. This thought may be supported by a further reflection that relates to the metaphysical level of Gandhi's point.

Gandhi can also be understood as saying that what we do in order to pursue an end is already the end or part of the end to which one is committed. This is not just the point that any action we do as a means is intentional. Rather, it is also the point that we are already establishing what kind of person, and with what kinds of goals, we are by the means we take to reach our goals. If I act unethically, then I am a person one of whose goals in life is to be an unethical person. I cannot say that my unethical act is just a means to the things I really hold important but is not part of what I am. In acting unethically, I am doing something that is constitutive of the kind of life to which I am committing myself. Therefore, if my goal is to pursue justice, peace, and truth in the world, I am in effect splitting myself into two persons: one who wills justice, peace, and truth, and one who by his actions wills falsehood, violence, and injustice.

It may be said that Gandhi's principle is too idealistic, and that in the real world we have to take moral shortcuts, whether in the pursuit of development or in many other contexts. It is not my purpose here to defend or criticize an absolutist interpretation of this idea. But I would add that if one accepts the general point it is making—which is, of course, the antithesis of the adage “the end justifies the means”—then we can treat it as a regulative ideal, something we can use to assess how ethically we act in the world. Thus, if we take its central message seriously, we will try as far as possible to make our means consistent with the values that we accept and that we promote in the world. If there are occasions of extreme dilemmas when we cannot live up to it completely, so be it, but as I have said it provides a regulative ideal. If this is right, then one way of thinking about development—admittedly offbeat and nonstandard—is to say that it is a process in which Gandhi's principle is acted on progressively by individuals and incorporated into the culture and the standards of social institutions.

Even if my reader is not convinced by the genie that I have somehow pulled out of my two previous claims that acting ethically in the pursuit of development can be seen as a constituent of the ends of development and that we ought to pursue development ethically anyway, I hope that my discussion has at least demonstrated how complex the relationships are between means and ends, and that I have in my own way made good Goulet's claim that development ethics is indeed concerned with the means of the means.

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## 2. Prudence and Development Ethics

Andrew Yuengert

### Introduction

My own efforts as a development ethicist revolve around ... two tasks ... : to formulate development theory that joins the multiple diagnoses provided by social sciences to policy choices and value assessments; and to collaborate with development practitioners and communities of need (who are usually on the receiving end of expert advice) in laying bare the value costs and merits of competing action proposals. (Goulet 2006a, 64)

Development ethics, as Denis Goulet saw it, is intensely practical. By “practical” I mean that it attempts to orient its reflection toward action that helps existing persons to develop as human beings. Theory is not pursued for the sake of understanding alone but as a means of joining theory to policy and in order to help “development practitioners and communities of need” evaluate what is humanly at stake in the courses of action available to them.

The work of development ethics has provoked a rich discussion about the goals of human development, of the local contexts in which development occurs, and of the stakes for local communities. I argue in this chapter that, for all the practical orientation of the field, it is not practical enough. Development ethics lacks an explicit theory of practical action. Such a theory can provide a framework within which the various development fields can be unified and within which practical, but nondisciplinary, considerations can be addressed.

A complete theory of human action must accomplish several tasks in a unified way. First, it must reflect on the general human goods to be accomplished through action. Second, it must survey the particular environment in which action must be taken: the social and natural processes and the unique contingent circumstances that generate the constraints on action. Scientific and social scientific theories may help us to understand these processes, but they are not enough; the acting person must take into account the concrete, unique context that falls outside of any theory or that modifies the application of theory. Finally, a complete theory of action must describe the final step—that is, the movement from analysis and judgment of circumstances to

action. This usually involves a description of the virtues that make good action possible. The list of the virtues will depend on the understanding of action that undergirds the theory. A Kantian will include in his list a sense of duty; a radical theorist will include the intellectual ability to discern the relations of power and the moral courage to unmask them; an Aristotelian will include moral virtues like courage, temperance, and justice.

Development ethics, as surveyed in Goulet's work, has tackled the first two of these tasks and addresses in a limited way the third. There is no explicit account of action tying the three tasks together, however, and the field would benefit from such a comprehensive account. The exercise would force it to sort out systematically the relationship between disciplinary expertise and multidisciplinary coordination, the limits to compromise between moral principle and local contingency, and the nature of local participation with respect to the work of nongovernmental organizations (NGOs), businesses, and governments.

I come to this project with two sorts of expertise: I am an economist who has reflected on his discipline in the light of the virtue ethics tradition of Aristotle and Aquinas (Aristotle 1941, Aquinas 1948). As such, I am familiar with the promise and limits of a proudly technical field that reflects little upon the goals of its research, and I have attempted to view that field from the perspective of human (as opposed to purely technical) action. My book *The Boundaries of Technique* (Yuengert (2004) offers an account of the human action of researchers that both respects the technical knowledge of economics and demands that it be placed at the service of the human goods that ultimately motivate research.

In this chapter I draw upon the concept of prudence, or practical reason, in the Aristotelian tradition to ground development ethics in a theory of action. The virtue of prudence—its nature and its relationship to other reasoned faculties—is at the center of a rich tradition of reflection on how humans make the leap from apprehending a complex reality to practical action. There are other possible theories of action grounded in Kantian, radical, utilitarian, or other philosophies. I will not attempt to argue against any alternative to the Aristotelian account given here; an exploration of the differences between accounts would be enlightening but is beyond the scope of this essay. I have found the Aristotelian account helpful in organizing my own thoughts about economics. By exploring the implications of such an account for development ethics, I hope to justify the exercise of explicitly founding development ethics on a theory of action, even if the exercise is attempted from another philosophical perspective. I do not doubt that development ethics would benefit from explicit reflection on action-for-development from other philosophical perspectives.

Prudence is not a substitute for development ethics in its current form; it does not replace the hard work of comparative theory, the compiling of case studies, and careful ethical reflection. Nevertheless, the concept of prudence can provide a unifying set of principles for a discipline whose laudable ambitions can make it seem bewilderingly chaotic. Prudence reinforces some of the themes of development ethics by emphasizing

the subordination of disciplinary expertise to ethics, by insisting that high ideals be embodied in concrete circumstance, and by placing the acting person at the center of development ethics. The Aristotelian tradition provides a unified account of human action without sacrificing the mystery at the heart of any truly human act, or the dignity of those who act.

The next section describes the types of knowledge in Aristotelian thought and locates the disciplines of economics and development ethics within this typology. Economics shares some of the characteristics of theoretical knowledge, but it fits best in the category of technique. Development ethics is too explicitly engaged in reflection on the ends of development to be technical (although it makes use of many technical disciplines), but it falls short of prudence. The following section discusses in detail how prudence can make a significant difference in the way we think about development: prudence is comprehensive, it is particular, and it puts the person at the center of development.

## Economics, Development Ethics, and Prudence

Aristotle (1941, 6.3–6.5) distinguishes between three types of intellectual activity that are relevant to development ethics: theory (*theoria*), technique (*techne*), and prudence (*phronesis*).<sup>1</sup> Each activity is distinguished by its end. “Theory” is an intellectual activity the end is of which unchanging truth, valued for its own sake. For Aristotle, unchanging truth could be found in the contemplation of mathematics, in the rules of logic, in the nature of divine beings, and in heavenly bodies. “Prudence” is concerned with action geared toward the ultimate ends of human life. It seeks the human good through action. As such, the ends of prudence are not expressed in external objects or states of affairs but rather are internal, effecting the development and perfection of the person. Acts of friendship, religion, and learning, for example, have as their main result human development through rational participation in ultimate ends. “Technique” is an activity of the intellect end is of which the production of some thing, or some state of affairs. A wide range of things qualify as the object of a technique. The characteristic common to the artifacts of technique is their external nature: the technician produces something external to himself.

Economics has some of the characteristics of theory, but technique is a better description of the current field. Economics as it was practiced in the eighteenth- and early nineteenth-century heyday of the deductive method, in which deductions from “sure” premises led to “sure” conclusions, may merit the label “theory,” but economics today

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<sup>1</sup> Aristotle actually proposed five types of intellectual activity. To the three mentioned here, he added intuitive reason, which grasps first principles, and philosophic wisdom, which combines intuitive reason and theory.



employs a much broader method, whose claims to certain truth are more qualified.<sup>2</sup> Economists are more interested in the techniques by which they pursue knowledge than in establishing that knowledge as certain. Therefore, economics is a technical discipline. It produces “artifacts” that are external to the economist: namely, mathematical models and statistical analyses. These artifacts are created according to well-established rules of method and can be critiqued according to those standards. Because they are technicians, economists do not reflect on the ultimate ends of their work. On the contrary, their “official” method requires that they not concern themselves with the larger value questions about their work; economics is supposed to serve limited ends, defined by others.

Economics is certainly not prudence; economists resolutely deny any ambition to prudence. They are proudly unreflective on the ultimate ends served by their work (although they are confident that their work advances some social good). Some other discipline or person must be prudent—for example, the mythical “policy maker” who makes use of economic insights into markets, costs, and benefits to decide what to do.

Development ethics addresses itself to the shortcomings of the technical analysis of economics. The analytical tools and simplifying assumptions of economics are not meant to solve problems outside of the boundaries of technical practice. Neither are they supposed to shed light on whether the goals of technical economics are the appropriate ones. The tools and theories of technique are the tools and theories of the modern professional, who is supposed to advise others on how to achieve a given set of ends but does not presume to choose those ends.

It is a fact of human existence, however, that technical knowledge is frequently applied outside of its proper bounds. The assumptions and models of technique are often applied to less narrow problems, with little consideration of the incomplete ethical basis of technique or of the limited reach of abstract theory. This has certainly been true of development economics. Most economic theories are founded on the assumption that individuals care only about their own consumption, and that consumption of goods and services is all that matters. Because economists are proudly unreflective about the basic assumptions of their theories, they fall easily into the habit of applying those assumptions outside of the boundaries of their discipline.

The problems of technical practice divorced from reflection on the broader arena in which it is applied are twofold. First, technical knowledge applied without any consideration for the end it should serve will only promote the good—human development in this case—accidentally. If you do not look for the target, you are less likely to hit it (Aristotle 1941, 1.2). Second, technicians who eschew all discussion of ends often fall into the habit of thinking that there are no ends beyond those of their technique

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<sup>2</sup> Adam Smith, a product of the Scottish Enlightenment, reasoned deductively from premises developed through induction (Redman 1997, chap. 5), and both Ricardo and Senior defended this deductive approach (Bowley 1949). J. S. Mill (1848/1965) claimed less certainty about the premises on which economic deductions were based and as a result could not claim certainty, only tendency.

(Yuengert 2004, 81). Thus, the ends of the abstract *homo economicus*—consumption goods—become the ends of development.

Goulet and others were aware of the tendency of unreflective technique to overreach, and they insisted that development theory must be grounded in more careful reflection on the foundational question, “What is development for?” (Goulet 2006b, 1968). Technical economic theories ignore this question and as a result fall into the trap of thinking that whatever ends they have assumed as a means of simplifying their analysis are what in fact matters most. Human development is more complex than gross domestic product (GDP) per capita. A more complete account of development is needed.

To the extent that development ethics fosters reflection on the ends of development and demands a multidisciplinary approach to development, it moves away from Aristotle’s technique and toward prudence. Nevertheless, development ethics, practical as it is, does not fit neatly into the category of prudence; rather, it falls somewhere between technique and prudence. To see how development ethics falls short of prudence, consider the broad range of tasks needed to exercise prudence—that is, to get from theories about development to actual development in a particular circumstance (Aquinas 1948, I-II, 8–17). First, one must understand what is humanly good. Here the complex of theories that makes up development theory as a whole comes into play, revealing the various economic, social, and environmental goods that may be at stake in any particular locale. Second, one must determine which goods are in fact at stake in the particular circumstances. Which array of goods can be promoted, and which may have to be foregone in a particular setting? This exercise requires much more than an understanding of what human goods are; it also requires an understanding of the processes by which those goods are realized in society and the feasibility of those processes in a particular setting. Third, one must actually choose which of the many strategies for realizing development goods is best suited to the current circumstance and act to implement it.

Development ethics, to its credit, focuses our attention on the first of these practical tasks, by focusing our attention on a broad array of human goods. It also helps somewhat in the second task, by drawing on a broad array of disciplines to construct a richer, more complex theory of development. Development ethics can only be partially successful at the second task, however. One can list the ingredients of human happiness, and formulate a complicated multidisciplinary theory of the society within which one must act, and still be unable to account for the messy particulars of actual human life or formulate workable plans to make those goods a reality in people’s lives. This difficulty arises for two reasons, one having to do with the overwhelming contingency of any real human community, the other having to do with the nature of human happiness and our descriptions of it.

A longer list of human goods, and a bigger collection of disciplinary perspectives, is not enough to fully address the practical challenges of development. The disciplines offer accounts of the various components of development; to put these components together into a coherent plan of action requires a perspective that takes in the whole of

the human process of development and can simultaneously put each of the disciplines in its proper place, take into account the details of action within communities and institutions, and react to the inevitable unexpected event. The closer one gets to action, the greater the role played by contingent circumstances that are not covered by theory.

The second obstacle to moving from development ethics to concrete action is the nature of human goods. Most of the goods of development, when we describe them in ways that more closely approximate the reality of human development, turn out to be highly qualitative. For example, friendship, self-direction, and esteem are not easily measured, and each requires judgment, not measurement, to gauge its attainment. The closer the list of goods approximates the reality of the human person, the more it takes us from the realm of social science into the realm of philosophy and practical wisdom (Goulet 2001).

Although development ethics accomplishes the first task of practical action and helps somewhat with the second, it does not pretend to encompass the third task: action itself. More complicated theories—that bridge more disciplines and draw on a more comprehensive set of case studies—will not bridge the final gap between theories about development and action to make development real at the individual and social level. There comes a time when enough analytical distinctions have been made. At the point of action, what is needed is reflection on how to put all the pieces of the puzzle that is the human person together; we must understand the whole person not as a list of needs or a nexus of social influences but rather as an acting, ordering force in the world, for good or ill.

To turn development theory into actual human development, the discussion must take a practical turn away from analysis and toward synthesis. This is a turn toward action and the modes of reasoning and reflection that make human goods actual. This is not an interdisciplinary turn, seeking a general theory of society, but a transdisciplinary turn: an approach that is willing to make use of the disciplines but is not beholden to the narrowly defined goals or methodological strictures of any one discipline, and that seeks human goods but does not shy away from the contingencies of real life that make the instantiation of the goods difficult and imperfect.

What is needed, but not explicitly addressed in much of the development literature, is a synthetic approach—a putting together of the various theories with the economic, political, and social particulars of time and place—that results in wise development action. The virtue of prudence encompasses this challenge. It is not a criticism of development ethics to point out that it is not the same as prudence. After all, prudence is unfathomable and does not yield easily to analysis or generalization. Any account of prudence must by its nature fall short of specific guidance for particular cases. Aristotle begins the *Nicomachean Ethics* by admonishing his readers not to expect too much of discussions of ethics: “Our discussion will be adequate if it has as much clearness as the subject-matter admits of, for precision is not to be sought for alike in all discussions, any more than in all the products of the crafts” (Aristotle 1941,1.3). We cannot give a

complete, detailed account of prudence because the reality of prudence does not admit of such “precision.”

Accordingly, I am not suggesting changes to development ethics to make it more prudential. Nevertheless, the explicit recognition of the challenges of action can help to clarify the nature of the work of development ethics in three ways. First, prudence is comprehensive: it makes use of all technique, facts, and commitments to realize the good. One who acknowledges the value of prudence is inoculated against the errors of technical imperialism. Second, prudence is particular: it is oriented toward action in the unique, unrepeatable circumstances that face the acting person. It is not enough to be committed to first principles; to act well, one must be prudent about the concrete reality one actually faces. Finally, prudence puts persons and their development at the absolute center of development policy. Human development occurs through the exercise of prudence, however imperfect or constrained. One who accepts prudence as a category cannot ignore the desire of individuals and peoples to be “agents of their own development.”

## **The Difference Prudence Makes**

### **Prudence Is Comprehensive**

The concept of prudence helps us to avoid disciplinary insularity. Technical disciplines offer real insights into social problems, but the practice of technique, cut off from all considerations of prudence, blinds the technical expert to the full range of goods that should motivate technical analysis. Technical specialization is justified by the human goods it promotes, but prudence provides the perspective that orders a technique toward the human good.

Aristotle (1941, 6) takes pains to distinguish prudence from technical pursuits. Technique pursues an end—an artifact—that is external to the technician: a door, an engineering plan, an economic theory. These artifacts are made according to methods developed over long experience with the making of the artifact in question. In contrast, prudence seeks the entire good of the person. The end of prudence is not an artifact; it is the person himself. This distinction leads to a curious but telling claim about prudence: one can practice a technique badly on purpose, and even be considered technically adept for doing so (think of the master musician playing badly to show a student how to play well). In contrast, no one can be imprudent on purpose and still be considered prudent: one cannot be “prudently imprudent.” The reason for this surprising distinction lies in the comprehensive nature of prudence. Because technical ends are limited, they can be put at the service of some greater good: the musician plays badly in order to teach well. Prudence, however, seeks a good that comprehends all human goods; there is no more ultimate good that a violation of prudence can possibly serve.

Prudence acts to promote the full human good. It is the person's capacity to seek happiness and to order all of the instrumental goods at his disposal—material goods, communal goods, spiritual goods—toward his ultimate end. If humans seek this ultimate end, then there must be some faculty by which they order their actions toward it. To deny prudence one must deny that human beings use their reason to seek happiness, even if imperfectly. This point—that there is some human faculty that is concerned with action in the service of comprehensive human happiness—can easily be obscured by the conventional definition of the term “prudence” as the pursuit of material self-interest. This usage of “prudence” dates back to Enlightenment theories that appropriated the more narrow meaning of the term in an attempt to reconcile self-interest with a harmonious social order. If we must use the term “prudence” to mean “narrow self-interest,” then we will need another term to cover the human faculty of judging action by a more comprehensive standard. If human beings in fact reflect on their actions by a standard that is more comprehensive than narrow self-interest (even if that reflection is rarer than we might like), then we need a concept by which we can discuss it. If “prudence” will not do, then suitable synonyms are “practical wisdom” or the Greek *phronesis*.

Accepting prudence as a category puts into proper perspective the various techniques that inform development debates. There are two mistakes to be avoided. The first is to dismiss technique as too narrow and blinded to reality to be of real use. This is the mistake of the activist, who is impatient to realize the good and equally impatient with considerations put forward on purely technical grounds. It is also the mistake of those who ignore Gilson's advice that “Piety is no substitute for technique”—that is, those who believe that commitment to human goods can render the insights of technique unnecessary. The prudent person will not condemn technique for being narrow; instead, he will insist that it be placed at the service of the ultimate goods to be pursued.

The second mistake is to ignore prudence as “so much philosophy” and to rely exclusively on technique to guide action. This is the mistake of disciplinary imperialism. Any plan of development needs these technical disciplines—each has deepened our understanding of the problems of underdevelopment and the possibilities of development. Nevertheless, more is needed than technique. Although certain pieces of the development puzzle may generate, through theoretical abstraction, well-defined problems for technical disciplines, the development problem in its entirety—what should be done in this country at this time and within this set of constraints—is not at all well-defined. No technique, economic or otherwise, can by itself answer questions about what sorts of tradeoffs should be made between community and markets, between public health and religious precept. Most disciplines simplify reality in

order to analyze it and so by choice are blind to the larger context of the society they analyze. Anyone who acknowledges the need for prudence cannot at the same time insist that any one discipline is sufficient to analyze development.

Thus, a philosophy of action allows us to put into proper perspective the various techniques that contribute to the comprehensive good without being dominated by them. Prudence has been called the charioteer of the virtues (Pieper 1965); it orders human virtues like courage, justice, and temperance toward the good of the person. It could easily be called the “charioteer of the techniques,” however. In an age where technique has run wild, and has the power to accomplish good but is unreflective about what is good, a charioteer is desperately needed.

Goulet’s work is an attempt to rein in the various technical approaches to development and place them at the service of the human ends of development (see Goulet 2006b, 2005b). Authentic development must optimize, not maximize: it must strike a balance between the multiform human goods. The various technical disciplines cannot in themselves reflect on their ends; therefore, a comprehensive view of development must take place outside of disciplinary technique. This demand that technique serve the ends of human life is buttressed by the concept of prudence.

## Prudence Is Particular

Prudence can help the technical expert to orient his work more truly toward the human good in its fullness. Disciplinary insularity is not the only pitfall that prudence can help us to avoid, however; it also avoids the mistake of thinking that abstract commitments to human goods, or commitments to particular theories without regard for circumstance, are enough to instantiate human goods. Prudence insists that the concrete context within which action occurs must significantly affect prudent action. To ignore particular circumstances in the name of commitments to justice or liberty is to risk imprudent, unwise action.

Prudence takes as its first principles universal concepts of goodness: life, friendship, stewardship, justice, and beauty, for example. These concepts, because of their universal scope, are defined in general terms; they are concepts, not realities. Even though they can be described in general terms, they cannot become *real* in general terms; the constituents of human happiness are only real in particular circumstances. They must be “built into” life in concrete ways and through concrete action. Making human goods real is the job of prudence.

The practical job of prudence requires reflection on the nature of these universal goods, but it also requires an openness to concrete reality. First, the prudent person must be open to apprehending the particulars of reality as it confronts him. This openness is reason in its fullest realization. It requires judgment about the proper framework for interpreting reality and may require judgment between competing technical understandings of the processes generating that reality. It requires more than the ability to juggle various techniques, however, because concrete particulars are never fully captured by technique: each concrete circumstance involves departures from the assumptions of every technical understanding of it. Thus, the prudent person requires a desire to know reality, a willingness to be instructed by reality, and a certain nimble-

ness of judgment in the face of the surprises that encounters with reality always bring (Pieper 1965, 15–17).

The need to be open to the particular challenges of time and place is evident in development ethics. Goulet (1968) rejected the proposition that development can be discussed in purely general, universal terms. Each person speaks from within a particular place and culture; we are inescapably ethnocentric. One can learn from the development experience of other cultures, but one must not think that universal goods can be pursued without regard for local culture, time, and place. The necessity of openness to concrete particulars brings into sharp relief a common but mistaken proposition about practical action: the assumption that when one has the right first principles, and musters the appropriate will to pursue them, the details of action will somehow take care of themselves. This conviction is due in part to the difficulty in formulating rules for prudence. It is easier to discuss the good in general, and to commit oneself to it, than to deal with the messy particulars of action; as a result, activists on both the left and the right sometimes downplay the difficulty of instantiating universal goods in concrete reality. For example, the 1980 Brandt report on development goals, cited approvingly by Goulet (2000, 2004), asserted that the only thing needed to bring about development in the third world was the commitment to end poverty there. The technical details were assumed to be secondary. Something similar occurs on the right, when it is assumed that the will to overcome corruption and special interests, and to simply free up markets, will create economic growth. A commitment to first principles without attention to the details of action in particular circumstances makes one impatient with reality as it presents itself. At best it results in a sort of moral clumsiness (Hutchinson 1995, 208); at worst it results in blind utopianism.

Prudence is learned through experience. One becomes prudent by acting under the guidance of those who are prudent. It is not learned from textbooks; neither is it learned through commitment to first principles, through “justice lenses” or “freedom lenses.” Whether or not these first principles are worthy ones is an important matter for debate, of course. Even if they are the right principles, however, they will not instantiate themselves, and it is no easy task to realize them in the chaotic circumstances of a developing country. The realization of justice or freedom requires prudence; one might say that one cannot really be just, or committed to liberty, if one is not prudent.

Prudence is learned through the difficult task of actually trying to accomplish the good in messy circumstances. Every applied field values implicitly those who put theory into practice. Their experience of the meeting of theory and principle with reality not only informs theory; it provides a body of knowledge about how to “get things done.” This knowledge is passed on through mentoring, internships, and experience on the ground with others who must confront the challenges of practice. The value placed on the practical wisdom needed to turn theory into effective practice is often implicit, but it should be made explicit. Development cannot take place without it. It is not surprising that prudence is somewhat ignored in development ethics since there is little to say about it: it is unformulable, it is learned through experience, and one cannot

make up for a lack of prudence through a firm commitment to first principles. Even though there is little to say, prudence deserves a prominent place within development ethics. It can serve to keep analysts and theorists humble about the extent to which their theorizing, and their principles, can bring about justice, freedom, and human happiness.

## **Prudence Puts the Person at the Center of Development**

Aristotle (1941, 1.13) divides the virtues into intellectual and moral virtues. The intellectual virtues involve the exercise of reason and include a grasp of theory, technical skill, and prudence. The moral virtues govern the passions; they are habits that orient human beings toward good action. The moral virtues include temperance (which keeps pleasure in perspective), fortitude (which keeps pain and difficulty in perspective), and justice (which orients us toward our obligations to others). Although Aristotle lists prudence among the intellectual virtues, his discussion of prudence highlights the importance of the moral virtues to its exercise. According to Aristotle (1941, 6.12), prudence can be stripped of its ability to identify the good in particular circumstances by defects in the moral virtues. A person who is intemperate, cowardly, or lacking in justice is unable to be prudent because he is prevented by passions from identifying his true good. Thus, a person who lacks the moral virtues will find it difficult to be prudent. Most intellectual virtues can be exercised without reference to the moral virtues; the exercise of prudence, however, must be supported by moral virtues (Hutchinson 1995).

Those who have drawn upon Aristotle's insights have addressed this ambiguity in prudence. Aquinas (1948) followed Aristotle in including prudence among the intellectual virtues but emphasized its inescapable connections to moral virtue. Simon (1991) goes so far as to characterize prudence as both an intellectual and moral virtue, highlighting the ability of the prudent person to habitually orient himself toward good action, to be inclined toward it.

Whether prudence is considered an intellectual virtue only, or as both an intellectual and moral virtue, the exercise of prudence is a crucial component of moral development. MacIntyre (1984) hints at this when he describes the human need for a comprehensive account of life, seen as a whole and not as a series of technical actions, and the necessity of that comprehensive account for human happiness and ethical behavior. One cannot be prudent without the ability to see one's actions as part of a complete life project, and one cannot be fully human and happy without such an account. The moral disorientation of the person who cannot situate his actions within an account of life as a whole is a testimony of the importance of prudence to human happiness.

The concept of prudence places the moral life at the center of development and, consequently, gives prominent place to the person and his dignity in development theory. Many theories of development assert the dignity of the person; what prudence-centered accounts offer that is missing from other accounts is a unified treatment of



the moral reality of development for those affected by it and, at the same time, a moral account of the actions of development researchers and practitioners. Both the poor and those attempting to help them need prudence.

When Pope John Paul II, in *Laborem Exercens*, asserts that the key to the social question is human work, he means “work” in the widest possible sense—that is, the labor of those who attempt to make human goods real in the world, whether they be the material goods of production and exchange or social and private goods that are not exchanged in markets (John Paul II 1981, 7). In other words, at the heart of the social question is the exercise of prudence, what Pope John Paul II calls “the subjectivity of society.”

At the center of any healthy social order are individuals seeking the good to the extent they can—that is, individuals exercising prudential judgment about what should and can be achieved and then acting on that judgment. The exercise of prudence requires some measure of freedom. The justification of freedom is rooted in an account of the nature and purpose of freely chosen human action. Prudence is one of several competing accounts of human action and of the value of human freedom. Human freedom is often justified on pragmatic grounds as part of an implied social contract: we must respect the freedom of others to act so that our own freedom to act will be preserved. In this account, respect for the dignity of others is grounded in the preservation of one’s own freedom. To this enlightened self-interest is often added a sort of epistemological agnosticism, a despair of being able to resolve the competing notions of good that motivate action. Since we cannot argue fruitfully about what is good for human beings, we should respect the person who acts, even when that action is based on notions of the good we think mistaken. This agnosticism about the good reinforces the argument for freedom as enlightened self-interest. Postmodernism takes agnosticism to a new level by denying even the relevance of universal notions of human good or human nature. The social contract is expanded to allow persons the freedom to design their own good and pursue it.

The dignity of the human person, and the freedom of the person to act to pursue his own development, is sometimes grounded not in secular reason but in religious precept. The Christian and Jewish traditions ground human dignity in the creation account and in the particular dignity due to the poor and marginalized (Gen. 1; Matt. 25:3–46). It is God’s love of human beings that imposes on them the obligation to respect others’ needs and freedom. We human beings are made in the image of God; consequently, we owe each other reverence.

The concept of prudence complements both religious and secular accounts of human dignity. To the religious account it offers a more complete picture of the meaning of *Imago Dei*: God is portrayed in Scripture as one who brings order to the universe, and he delegates responsibility for this order to human beings. Each person’s attempts to order the universe toward his own and others’ good is thus an important determinant of human development, a living out of the image of God. To secular accounts, prudence offers a more compelling grounding for freedom; we want to be free because freedom

to act in every sphere is a precondition for full human development, not simply for the satisfaction of human desires for consumption or self-actualization (Sen 1999).

In a very real sense, prudence is development by another name. Human beings realize many human goods through prudently considered action; among the most important goods realized is the person himself. By committing oneself to this good as opposed to another, a person participates in his own development, as a person who is a living nexus of human goods. Pieper (1965) notes that this process cannot be forced; it is the free exercise of prudence that results in moral growth:

The imperative of prudence is always and in essence a decision regarding an action to be performed in the “here and now.” By their very nature such decisions can be made only by the person confronted with the decision. No one can be deputized to make them. No one else can make them in his stead. Similarly, no one can be deputized to take the responsibility which is the inseparable companion of decision. No one else can assume this burden. The strict specificity of ethical action is perceptible only to the living experience of the person required to decide. (27–28)

One cannot be prudent for another, nor can one be forced to act prudently. To act prudently means to take responsibility for oneself.

The Catholic concept of subsidiarity is grounded in this account of human subjectivity. So are many accounts of local participation in development decision making (see Goulet 2000, 2005a, 2002). One might argue that responsibility for action should be taken by subsidiary groups whenever possible on purely pragmatic grounds: local groups, including families and churches, are more familiar with local problems and thus are better able to tailor their strategies to challenges that may be hidden to policy makers at higher levels in society. There is ample experience supporting a pragmatic case for subsidiarity. The concept of prudence, however, gives an added reason for subsidiarity. Actions should be taken in smaller groups whenever possible because it develops the virtue of prudence in society. To rob a subsidiary group of responsibility for the goods that are appropriate to it is to take from members of that group more than efficient administration of public policy; it robs local communities of important opportunities to grow as responsible actors—and as prudent persons.

Violations of subsidiarity lead to a morally stunted citizenry. John Paul II points out, in *Centesimus Annus*, that the mistake of communism was moral, not economic. The suppression of economic initiative under communism was but a part of a wider suppression of free human action (John Paul II 1991, 13.1). This suppression led to much more than economic stagnation—it led to a general decay of initiative in society and to a loss of solidarity. Thus, a proper respect for the virtue of prudence places the person firmly at the center of development. Development is not simply the accumulation of goods; it is the development of people who exercise creative agency in their families, local and religious institutions, and in government. One might add that prudence puts culture in proper perspective as well. Human beings do not act prudently in a vacuum; the context for their pursuit of the good is culture, which orients the person toward the universal good and provides the models for prudent action.

Although Goulet does not use the term “prudence,” the close relationship between human and moral development in his work reveals the role of action in moral growth. From the beginning he has emphasized that development is not a question of technique but of values: “Development is above all else a question of human values and attitudes” (Goulet 2000, 27). In addition, “The development problematic may be defined in an even wider sense, as an arena for defining the good life, the just society, and relations of human communities to nature” (Goulet 2001, 30). Goulet emphasizes in his work that development changes the values of communities—riches bring about new attitudes toward material goods, toward community ties, and toward the sources of meaning and fulfillment (Goulet 1968). True development requires a discussion of the values that are at stake in it.

The necessary connection between development and moral growth gives added impetus to the need for individuals and communities to participate actively in their own development. Development should not be something that happens to someone; John Paul II (1987) notes the universal hunger of peoples to be “agents of their own development.” Goulet (2005a) insists on effective local participation in development projects, both at the local and national level. Even those NGOs that purportedly represent local voices often neglect the effective participation of those for whom they presume to speak.

Although it may appear that a prudential account of development is too individualistic, prudence is always learned and exercised in community. Almost all human goods are realized in community; Aristotle’s *Ethics* is a prelude to his *Politics* (Taylor [1995] discusses the connections between the two works). The most excellent form of prudence is politics, which seeks the practical good of the many. Prudence is learned through family and community, and a person’s culture contains the archetypal prudential persons who serve as models for wise decision making. Aristotle makes the somewhat mysterious assertion that the measure of prudent action is the judgment of the “prudent man,” without specifying where the prudent man is found (Aristotle 1941, 2.6). Goulet’s definition of culture suggests that culture is the social embodiment of the prudent man—of advice about how to act humanly: “Among the essential creations of any culture are the definitions it makes of its basic needs and its preferred modes of satisfying those needs” (Goulet 2006c, 138).<sup>3</sup>

The prudence tradition serves to place culture in its proper relation to the person. Culture is not simply the sum of the values people happen to hold—their local foods, sports, and consumer preferences and quaint religious observances. Culture contains a community’s answers to life’s most important questions. It is in culture that we find a people’s perspective on the purpose of existence and guidance for how to live happily in community. It is in culture that one finds the answer to the question, “How should

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<sup>3</sup> It is this crucial communal dimension of prudence, in both its development and its practice, that provides an opening in the Aristotelian tradition to modern approaches to deliberation and action, including Goulet’s work on participation, the theory of communicative action in Habermas (1985), and the theory of deliberative democracy of Guttman and Thompson (1996).

I act?” Different cultures may give different answers to this question; some answers may be incomplete, or even harmful. Consumer culture, for example, finds meaning in material consumption and the satisfaction of whatever desires one happens to have. For better or worse, it is the institutions of culture that aid or hinder human development. To the extent that development affects culture, it affects moral development.

## Conclusion

There is a long tradition of thought going back to Aristotle on the nature of reasoned reflection on action in the world. In this essay I have reflected on development ethics in the light of that tradition, with a view toward unifying some of the field’s disparate treatments of development. The field of development has moved from simplistic economic models to a more complex analysis, and the concept of prudence can provide a unifying framework within which this more complex approach can operate. The prudence tradition simultaneously affirms the need for ethical reflection and attention to the concrete details of development; it also keeps the person at the center of our deliberations about development. I am not arguing that the various disciplines, case studies, and ethical reflections that constitute development ethics should be replaced by prudence alone. On the contrary, such a move would be highly imprudent. The concept of prudence is not meant to replace development ethics; however, careful reflection on the nature of human action may supplement the good work of the field.

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# 3. Development Ethics: A Road to Peace

Adela Cortina

## The Compass of Practical Reason: The Obligation of Peace

I would like to begin this chapter by recalling that in 2004 the academic world celebrated the second centenary of Immanuel Kant's death. Experts discussed various aspects of his philosophy, but one important facet particularly stands out for discussion: Kant's philosophy of peace. In the *Metaphysic of Morals*, Kant affirms that practical reason proclaims its irrevocable veto "there should be no war" because war is not a method that should be used by anyone to seek their rights (Kant 1968c, 354). The aim of law and politics is to build peace, not through the militarization of states but by establishing bonds of friendship and, where possible, legal bonds as well. Precisely because it is *practical* reason that orders one to build peace, those who engage in practical work to this end act rationally.

Kant's proposal doubtlessly has its great merits, but it also has some major drawbacks. Two centuries later, some of its shortcomings ought to be remembered in order to show that meeting the needs of developing peoples is one of the necessary roads leading to peace. Indeed, new developments in international law reveal the possibility of sovereignties being shared among states; the possibility of establishing legal bonds among nations, and not merely friendly confederations, is something that Kant could not even imagine. There already exist transnational unions such as the European Union, but there are also world organizations that can be considered as forming the seed of a world republic (such as the UN, World Bank, World Trade Organization [WTO], International Monetary Fund [IMF], Global Governance Project, and International Criminal Tribunal). Obviously, these institutions would have to be democratized to build a true world republic of world citizens (Habermas 1996; Pogge 1997).

In order to reach a pacific society, however, one needs to rely not only on legal and political bonds among states, as Kant did, but also on civil society—that is, on civic organizations, communities, and even business firms. One also has to get there from a starting point of respect for different cultures: this requires moving beyond

ethnocentrism and outlining the paths toward peace from a stance of multiculturalism or, better still, from that of interculturality. But above all it is not enough to promote a negative idea of peace (“there should be no war”); one must opt instead for a positive concept: peace needs to be actively constructed (Cortina 2005).

Building peace requires discovering what the causes of war are and making positive peace interventions; but it also requires discovering what harms and threatens people and acting to protect them from this, since all persons are vulnerable and need protection. Persons’ and peoples’ safety is not achieved only through arms control, nor only through legal bonds among nations; rather, safety is achieved by protecting them from everything that endangers their safety: weapons, indeed, but also hunger, illness, ignorance, exclusive doctrines, unjust inequalities, the aggression of speculative financial markets, and the plundering of the environment. This is what is understood as “human safety” in the United National Development Programme (UNDP) 1994 report: humanity is better protected the more developed it is (see also Fisas 2002). As Paul VI said, “development is the new name for peace” (Paul VI 1967, 5).

Therefore, peace has to be sought through *development*, but not through just any form of development. In the early twenty-first century we can say that peace has to be sought through *just development* in the distribution of goods and respect for cultures. This is what we have learned through the *practice* and *reflection* of those who have worked in the past and continue to work for the development of peoples (Goulet 1965; Crocker 1991; Crocker and Schwenke 2005; Gasper 2004). From the *practice* of working for development, an *ethical reflection* has gradually come about that stresses the ethical aspects of development, without which there is no *human development* strictly speaking. In the preparation of this ethics of development, Denis Goulet was a pioneer and is recognized today as a worldwide authority on the subject. Goulet worked as development practitioner and theorist/educator, among other things, in Lebanon, Brazil, Mexico, Sri Lanka, and Guinea-Bissau and spent extended periods sharing the life of poor populations—with no overt research agenda—in the Sahara (Algeria) and the Brazilian Amazon.

## Development Ethics Emerges as a Discipline: Goulet as Pioneer and World Authority

The ethics of development has not been formed only through a deductive procedure—that is, by taking shared ethical principles from which conclusions are drawn. Neither has it been built by induction alone—that is, by starting from particular cases and reaching general, though not universal, principles. The process of discovering the ethical elements at work in development has not been solely *downward* from deduction nor *upward* by induction. Because in this type of work there are many interacting facets, the emergence of development ethics has turned out to be a

*multilateral*, rather than a unilateral, process. Nor has the procedure for discovering the ethical aspects of development work been that of a “reflective equilibrium,” like the one Rawls proposed, because reflective equilibrium reflects the political culture of societies with a liberal democracy and attempts to discover the principles of justice that are imbued in that culture. Development, on the contrary, is a *cross-cultural* matter that cannot take for granted the existence of some universal content in ethical principles (Crocker and Schwenke 2005).

In my opinion, the discovery process has instead been one proper to a *critical hermeneutics*, as occurs in other domains of applied ethics: that of an auto-clarification of the ethical aspects involved in work for development, understood as a social activity. Indeed, in the 1970s there took place what may be called a “revolution of applied ethics,” which sets out from the different spheres of social life and social activities and attempts to explain the ethical elements involved in them; this occurred in health care, business, and media spheres, in the professions, and especially in development (Cortina 1993, 2003b). The ethics of development is precisely one of these pioneer fields, thanks in large part to the work of researchers such as Denis Goulet.

Certainly, after World War II development was considered to be the main objective of national economic policy and international strategy. At this time, however, development was understood as a straightforward economic problem: a matter of identifying and quantifying the composition of economic growth packages. Along with such fore-runners as Gandhi, the French economist and planner Louis-Joseph Lebreton, and social scientists such as Gunnar Myrdal, Goulet argued in the early 1960s that “development needs to be redefined, demystified, and thrust into the arena of moral debate” (Goulet 1971, xix). Goulet did groundbreaking work in addressing “the ethical and value questions posed by development theory, planning and practice” (Goulet 1977, 5), as shown in such books as *Ética del desarrollo* (1965) and *The Cruel Choice: A New Concept in the Theory of Development* (1971).

Decades of “development” and “foreign aid” have not yielded substantial advantages for all. In many areas development creates few jobs and destroys many others in the traditional sector. And one may ask if the Washington Consensus model (liberalization, stabilization, and privatization) is truly “descriptive” or “valuational”—that is, does it include values, such as the economic values of productivity, efficiency, and competitiveness, manifesting a particular way of understanding the economy? Is it not true that economic growth, modernization, industrialization, and a high GDP end up becoming goals and targets of development instead of being seen as means for development?

In my opinion, there is no axiologically neutral human activity; development work is, like other activities, impregnated with values of one type of ethics or another. They may be values of economic efficiency, competitiveness, economic growth, and a high level of consumption; or they may be intended to reduce inequalities, meet the basic needs and foster basic capacities of people, and reinforce self-esteem. Precisely because there are always ethical valuations involved in development processes, it is a fallacy to speak of a “descriptive” use of the term “development” because any use of the term



is valuational: it includes preferring to cultivate some sides of society over others and preferring the valuing of means. It thus becomes necessary to bring out the values that are involved in development processes that are being carried out; we must clarify if these values form part of the ethics that we are willing to defend, precisely because we recognize ourselves in them.

One may say that the ethics of development was born as a publicly recognized discipline in 1987 with the creation of the International Development Ethics Association (IDEA) in San Jose, Costa Rica. With the creation of IDEA, development ethics gained formal recognition as an interdisciplinary field within both development studies and philosophy. In the early 1990s there was a tendency toward defining the objectives of development as something broader than economic growth, technological processes, and institutional modernization. And in its 1992 report on human development, the UNDP declared that development covers all the dimensions of human welfare and the means to obtain it: there has to be a debate on the means and the ends. There must be an ethical debate on the very concept of development, as Denis Goulet had already pointed out. Because the human costs involved in perpetuating underdevelopment are probably greater than the costs of development, great care needs to be taken when exporting strategies that are successful in industrially advanced countries to countries that are not prepared for them. There has to be a critical rethinking of the concept of development and an elucidation of its ethical aspects.

As an active participant in this debate I shall now put forward a model of development ethics that has two roots: Goulet's ethics of development and my own conception of applied ethics. The latter, in turn, stems from at least two traditions: from the Kantian tradition of the ethics of discourse, begun in the 1970s by Apel and Habermas (Apel 1973; Habermas 1983); and from the Aristotelian tradition of the concept of "practice," which MacIntyre, Goulet's colleague at the University of Notre Dame, proposed in his book *After Virtue* in 1981 (1981/1985).

## Proposal for a Model of Development Ethics

### Development Work as a Practice

Numerous questions have been raised regarding the ethics of development. To attempt a reply to these questions I shall start out from the point that seems most appropriate: *work for development*, understood as a *cooperative social activity* and as a *practice*, in MacIntyre's sense, in which those who work for the development of peoples (*practitioners*) cooperate.

"*Am Anfang war die Tat*" ("At the beginning was the DEED") is Faust's famous statement, and, at the start of his *Nichomachean Ethics*, Aristotle reminds us that human life consists of different *activities* (sciences, arts, techniques) that all tend toward an end. Working for development is—in my opinion—an activity that, like all

others, is connected with an end, and I feel that it is in this respect that MacIntyre's concept of "practice" proves so useful: it reformulates the Aristotelian concept of *praxis*. Whereas Aristotelian *praxis* is an individual action that has an end in itself and takes on its meaning precisely from pursuing that end, the notion of "practice" proposed by MacIntyre is that of a "coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of that form, of activity" (1981/1985, 187). Thus, different agents cooperate in that social activity in order to attain a *telos*, the *internal goods*, which are—I would add—what give that activity meaning and social legitimacy. A social activity needs to be socially legitimated, but this is possible only if society accepts the goods that it provides as well as the means used to attain these goods.

It is true that the modern world has concentrated its greatest attention on *norms* and has pushed *activities* far into the background. It is also true that ethics and politics have become excessively *deontological*—that is, related to duty (*deon*)—and have given everyday *praxis* a secondary role. As the neo-Aristotelian philosopher Gunther Bien has pointed out, Kantian modernity has preferred the compasses (the norms) over road maps (the activities). Although compasses are no doubt necessary, there also must exist maps (Apel, Bien, and Bubner 1986) or social activities that take on their meaning through the pursuit of *internal goods*. To reconstruct practical rationality one must start by analyzing social practices, attempting to understand by which traits these practices can be considered socially legitimate. This is the way for social agents and organizations to be able to understand, from within the activity, which paths are to be preferred (Cortina 1993; Martinez 2000).

There is no doubt that the concept of development has gradually evolved through development work from the model prevailing after World War II, to the notion of human development advocated by the UNDP in 1992, and further to the present situation of a globalized world (Goulet 2004a, 2004b). From this perspective, we may characterize work for development as a cooperative social activity, in which different social agents (policy makers, project managers, aid donors, NGOs, economists, technical experts, national and international institutions, development scholars, and development ethicists) cooperate to attain a goal, which is the development of third world peoples. Although there has been some discussion as to whether work for development should also apply to certain groups in the first world countries, it would seem more reasonable to restrict this work to the third world in order to avoid excessive dispersion, which could lead to dissolution.

## Ethical Traits of Work for Development

Like any cooperative social work, work for development has a structure that gradually comes through in everyday life, and that I would characterize with the following *ethical traits* (Cortina 2003b):

(1) Work for development attempts to attain *internal goods*, which are those that give it meaning and social legitimacy (as is the case in the other applied ethics fields). If the good of health services is to achieve what has been called the “goals of medicine” (preventing illness, curing illness, caring and helping persons to die in peace); and the good of education is conveying knowledge and forming a critical capacity; and if each of the cooperative social activities attempts to attain its own goods, then work for development will also attempt to attain goods that have to be identified. This would be the “Agathological moment” of the activity, which is to say the moment of the good (*agathos*).

(2) To attain those goods the people who work in development must abide by *ethical principles*, which constitute the *deontological framework* of the activity and modulate the way the goods are obtained. These principles will be postconventional for the agents of development who participate in the civic ethics of countries with a liberal democracy, and principles of justice will take into account humanity as a whole (Apel 1973; Habermas 1978; Cortina 1986).

(3) The agents of development will attempt to embody *moral values* in society, either implicitly or explicitly, because, as noted earlier, there exists no axiologically neutral human activity: it is impossible *not* to realize values. The great question in this respect is whether it is legitimate to impose values or demolish existing values without any dialogue with those affected.

(4) Those who work for development cultivate different *virtues*, different “excellences of character,” which will vary according to how the internal goods are characterized.

(5) Different *social agents* clearly take part in the cooperative social activity of work for development. Who are these agents? Political and economic world organizations? NGOs? Workers for development? Does this work have to be conceived in a paternalistic way? And do decisions have to be made without consulting those affected by the development, taking it for granted that they are “basically incompetent” in what constitutes their own welfare? Or, on the other hand, is it not vitally necessary to consult those affected by concrete plans in order to determine what these plans should be?

(6) It is necessary to choose certain *models* of development over others—that is, certain means over others—which have to be appropriated so as to attain the internal goods and have to obey the ethical principles that trace out a structure to attain the goods.

(7) Work for development needs to have political, economic, and citizens’ *institutions* that support the activity and give it human and material support. Are those responsible for development to be only national and international political institutions, or will business firms and citizens be included as well? In any event, institutions should be at the service of the activity and of the internal goods that the activity seeks to provide, not vice-versa.

(8) Lastly, we need a *philosophical foundation* that answers the following questions: Why *these* internal goods? Why *these* ethical principles? We need that foundation in order to avoid fundamentalism, which consists in undertaking particular practices

without rendering justifying accounts for them (Apel 1973; Cortina 1986). We must not take it for granted that the supreme good is economic growth, the increase in commodities, the indefinite satisfaction of desires. Seeking a philosophical foundation consists, precisely, in attempting to account for the contemplated practice.

After outlining the traits of an ethics of development, I shall now attempt to fill in the content for each of these (see also Martinez 2000).

## A Model of Development Ethics

### 1. Internal Goods

After World War II it was taken for granted that economic development was a good thing for everyone, everywhere, and that work for development consisted in fostering economic growth, modernizing institutions, and increasing technology. Nevertheless, given the fact that sixty years later the situation of many developing countries has not improved significantly, and that in today's globalized world unjust inequalities between elites and nonelites have heightened, one is led to ask at least two questions: Is the economic model of the Washington Consensus, even with its corrective adjustments, the only economic model possible? Is this a model of good life that should be universalized? I shall try to answer the first of these two questions in point (7) of this section, and I now proceed to tackle the second.

Models of the good life cannot be imposed, either universally or particularly. At this point one has to distinguish between "the Right" and "the Good," between the demands of justice that a society must meet and the invitations to the good life that persons and groups have to accept personally. Justice is something that is demanded, while the good life is something to which one is invited. This is why the deontologists are right when they stress the priority of the just over the good when attempting to answer the question, What can be socially demanded? (Rawls 1993).

It is not socially demandable to universalize a model of good life for everyone in all groups. It is not even morally acceptable to do so, and precisely for this reason it is unfair to universalize the economist model because the good life is a question of personal option. What is socially demandable is to comply with *demands of justice*, that is, with the requirement of creating minimum conditions that allow all individuals to choose and realize their own conception of a good life (Cortina 1986).

For this reason I argue that the internal goods provided by those who work in development do not result from the imposition of their models of a good life but rather from the establishment of the *conditions of justice that enable people to make use of their freedom*. The most significant philosophers of recent times have taken part in the discussion on what the conditions of justice are: utility (preference satisfaction); primary goods for Rawls; the satisfaction of basic human needs for Streeten, Galtung, and Gasper; the protection of human or moral rights for Pogge; and empowerment of

basic capabilities for Sen, Nussbaum, Crocker, and the UNDP (see Rawls 1971, 1993; Streeten 1981; Gasper 2004; Pogge 1997; Sen 1999; Nussbaum 2000; De Martino 2000). Goulet offered an answer that, in my opinion, would take in the best of those previously mentioned: the internal goods of development would *humanize the development work*, empower people to procure their *sustenance*, raise their *esteem*, extend their *freedom*, and maintain the *hope* of a better situation (Goulet 1999).

*Humanizing development work* is a necessary condition of justice because “not damaging” is a basic good that must come prior to those others. Humanizing development actions ensures that the changes proposed—not imposed—do not produce antidevelopment, destroy cultures, or demand excessive sacrifices (Goulet 1999, 45). *Sustenance* is necessary because there is absolute underdevelopment when there is a shortage of goods to maintain life—that is, a shortage of food, medicine, shelter, and protection. The average lifetime is today, quite rightly, one of the main indicators of development. And in spite of the controversies, there is agreement that those who work in development assume a commitment to understanding and reducing human deprivation and misery in poor countries (Crocker and Schwenke 2005). Fostering the *esteem* of peoples is vital because if material welfare is presented as the essential ingredient of a worthy life, it proves very difficult for underdeveloped countries to feel themselves respected.

Apart from development, *freedom* has numerous meanings, but in this case it can basically be understood as the extension of the alternatives to pursue a life that is perceived as good. In accordance with the capabilities approach, this would involve empowering people to exercise their capacities in choosing a life that they consider to be thriving (Sen 1999). To complete the capabilities approach, however, as we will see later, extending freedom demands maintaining alternatives of a good life rather than fostering a single model. It is necessary to maintain the “living communities of culture,” as Goulet says; otherwise, by destroying projects of the good life, freedom is restricted (see Goulet 1995, chap. 11; 1999, 138; 2006, chap. 11).

Lastly, it becomes vital to *maintain hope* in developing countries (Goulet 1997, 1169). Central America is depopulated daily as its people emigrate, and Africa does not exist for growth economists. Who could keep up hope in these conditions? And who could set out on a course of development without the strength that comes from the hope that a better situation is possible?

To conclude, we could say that the question, What goods have to be offered by work for development? is a controversial one; nevertheless, a broad consensus is generally reached once we understand that it is a matter of establishing the conditions of justice that empower people to be able to pursue the life projects that they choose. Accordingly, whoever works in development cannot legitimately impose conceptions of the good life, or obliterate any that exist for different peoples. Their task consists in providing more and better means to sustain the life of the members of societies; creating better conditions in relation to their need for esteem; releasing men and women from oppressive servitudes (of nature, ignorance, and other men); and empowering them to carry on with plans for life that they choose, in a society in which one does not attempt

to do away with the existing proposals of a good life, and on the condition that these proposals fulfill the minimums of justice.

## 2. Ethical Principles

To attain the proper internal goods, those who work for development must be guided by ethical principles that constitute the deontological framework of the activity. In the early twenty-first century, in the context of an activity that has begun in countries with a postconventional civic ethics, there are three basic ethical principles, and all three are procedural.

The first of these is the principle of “not manipulating” people, because people are ends in themselves and cannot be treated simply as means. The second is the principle of empowering people to be able to develop the plans for life that they choose precisely because, as human persons, they are basically free. These two principles obviously have their philosophical foundation in a Kantian tradition, which argues for the absolute value of people. Consequently, these persons constitute the limitative end (“not manipulating”) and the positive end (“actually empowering”) (Kant 1968a, 1968c) in the case of development action. As the Spanish philosopher Jesus Conill so rightly says, Kantian ethics are eleutheronomic, rather than deontological. The core of Kantian ethics is freedom (*eleutheria*) rather than duty (*deon*); and Sen’s capabilities approach has a Kantian, rather than an Aristotelian, foundation (Conill 2004).

We could formulate the third principle in the following way: “any being with communicative competence is a valid interlocutor and must be taken into account through dialogue in any questions affecting him or her.” This is the principle of discourse ethics, and it complements the other two principles insofar as it openly acknowledges that, in order to introduce substantial changes in people’s lives, it is vital to take them into consideration through dialogue (Apel 1973; Habermas 1983; Cortina 1986, 2003a).

Taking into account these principles, work for development cannot be understood as a “knowledge of control,” in which a subject (the expert) handles the people in developing countries as if they were objects. It is vital to understand it as a “knowledge of understanding” and as a “knowledge of emancipation” (Apel 1973; Habermas 1973). In the context of “knowledge of understanding,” the expert attempts to communicate with those who are similarly subjects in order to understand their needs and aspirations and sets out to cooperate with and empower the subjects so that they can implement their plans for life. Thus, it is vital to attempt to understand people, to try to get dialogue under way and share life, to respect the different cultural backgrounds and forms of life, and to work cooperatively with them in the pursuit of the forms of life that they consider valuable. Taking into account the values of the different cultures is crucial.

### 3. Values

It is true that the first practitioners and scholars of development thought that “studying development was not a philosophical inquiry into value change, but a technical examination of how to mobilize resources and people most efficiently and fashion the institutional arrangements best suited to growth. In a word, development was the proper object of study for economics. And within the economic discipline, what prevailed was the value-free ‘engineering’ stream of theory” (Goulet 1997, 1160). Nonetheless, the practitioners of development soon realized that to achieve their ends (industrialization, use of technological progress, modernization of institutions, and the fostering of “psychic mobility”), it was necessary to change people’s lifestyles: to train the workforce, to motivate people to desire the fruits of modern production and accept its discipline, and to provoke cultural changes in their beliefs. Whoever works in development necessarily makes an effort to realize some particular values. So the question is, Do these values have to be ones that the *practitioner* appreciates, that the different living communities appreciate, or that are decided upon through dialogue between both?

In different countries people pursue their projects for life according to different traditions and steer the course of their lives from different cultural backgrounds; discarding or destroying the traditions and cultures means ending the sources of life. For this reason Goulet gave four guidelines for development: growth; distribution with development; satisfaction of basic human needs; and working from tradition, starting with dialogue in communities on their values and on how they perceive changes (Goulet 1999, chap. 3). To do this cultural freedom has to be fostered, and in this respect it is encouraging news that the UNDP’s 2004 report has taken cultural freedom as one of the indicators of development. However, to promote development it is not enough to promote “negative freedom”—the “freedom of non-interference”; it is essential to foster the projects for a good life through what Goulet called “living communities of culture,” created through dialogue on values with those who have different cultural backgrounds.

Freedom not only implies the capacity to choose but also involves maintaining alternatives from which to choose, on condition that these are available. Working for development is necessarily transcultural. If there are universal values, it is vital to discover these through dialogue. If there are specific values of different cultures, it is also vital to discover them through dialogue with living communities of culture. In carrying out these dialogues, however, it is important to distinguish between “external protections” and “internal restrictions” (Kymlicka 1995, chap. 3). That is, the elites of culture communities must not be allowed to oppress the individuals that form them; workers in development should take advantage of the fact that they are attempting to protect that culture from external interferences and aggressions. Sen argues that one should establish dialogues with the rank and file of these communities rather than only with the hierarchies, who are often only interested in maintaining their dominance (Sen

1999). With this caveat, dialogue is vital because, as the World Bank puts it, people need physical capital, human capital, and social capital in order to develop. But they also need *ethical capital*, and one should not *ethically decapitalize* people.

#### 4. Virtues

Indeed, one of MacIntyre's objectives in *After Virtue* is to craft an ethics of the virtues necessary to attain the internal goods of an activity. Although I started this chapter by discussing other ethical elements, it is clear that the virtues of those who work in development are necessary to attain the internal goods and to ensure guidance by ethical principles.

*Competence* in the field itself certainly would be one of the virtues practitioners must possess, whether this field is economics, political governance, engineering, or any other. The problems of development are not only a question of goodwill but also of great competence. As Aristotle noted, however, a person who uses poisons to kill is as competent in the art of making them as one who uses poisons to heal. It is not enough to be competent; therefore, those who have competence must pursue goals that are good. In this respect it proves difficult to attain the internal goods of development without a great sense of *justice*, by means of which we appreciate that the goods—both material and immaterial—of the earth belong to all human beings and nobody should be excluded from enjoying them; without cultivating the *prudence* necessary to reach human decisions in view of cruel choices; without sufficient *creativity* to find new paths that do not oblige one to take “tragic decisions” between painful alternatives; without an enormous *sensitivity* toward the concrete contexts of action and cultures; without an *active respect* for cultures other than one's own; without a great capacity for *interpretation and dialogue*; and without a good dose of *solidarity*. Playing down these virtues in work for development may lead to converting it into work for antidevelopment.

#### 5. Social Agents

Another important ethical question is, Who are the agents of development when it is viewed as a cooperative activity? Although we have referred to policy makers, project managers, aid donors, NGOs, development scholars, and development ethicists, the need for *those affected* by projects to take part in decisions about development projects increasingly is perceived as crucial.

This is because the capacity to participate in the projects that affect them is one of the basic capacities that empower people to carry on with their plans for a good life. In addition, as has already been said, it is immoral, when making vital decisions, to ignore those affected by these decisions. Moreover, it has often been shown that decisions taken “from the top” do not succeed in reducing poverty or inequality. This failure is revealed, for example, by the report on *Democracy in Latin America*, published by the



UNDP in April 2004. According to this report, while political democracy seems to have gained credit in the region, thanks to universal suffrage and to the great unlikelihood of military authoritarianism returning, the inequalities found there are the greatest in the world and poverty remains extreme, notwithstanding the great differences found between some countries and others. The increase in electoral participation has not been matched by greater economic equality; greater protection of economic, social, and cultural rights; or the guarantee of basic civil rights in many countries. There exists a profound asymmetry among three dimensions of citizenship: the *extension of voting rights*, *active political citizenship*, and *social and economic citizenship*.

In order for conditions to improve, the report proposes moving from a democracy of voters to one of citizens by designing and putting into motion a democratic power-generating policy whose aim is integral citizenship (Crocker 2008). The scanty success of economic reforms that have followed the line of the Washington Consensus forces us to look elsewhere in the search for new solutions: namely, to *public politics* and *citizens' participation*. The first fosters a more just distribution of wealth. Participative political democracy, on the other hand, comes forward as a factor of development and civil rights—including the freedom of expression and discussion—and as a privileged place to interpret people's economic needs and induce appropriate responses. The people affected are the best interpreters of their needs; they should be the economic citizens, and freedom is the path toward freedom.

## 6. Institutions

The crucial role played by people in this process is why the institutions involved in development doubtlessly have to be political institutions, located on both the local and international and global levels, in a globalized world. Certainly, there is a need for global governance, which would facilitate the dispensation of global public goods. Thus, the work of international and local bodies is vital.

Nevertheless, on both a local and global level there are two new protagonists—*companies* and *citizens' organizations*—that hold enormous power. Companies generate material and also immaterial wealth (Cortina et al. 1994; Enderle 1999; Conill 2004; Garda-Marza 2004), and civic organizations—from families to neighborhood associations, churches, NGOs, and professional associations—entail the potential for *solidarity*, without which associations do not survive, much less develop. Without the help of business and civic organizations, it proves difficult to make any progress in the task of development.

A *democratic state*, *ethical economics*, and *active citizenship* form the tripod on which a developed society is sustained. The philosopher's stone of the new times lies in *structuring* the endeavors of these three powers—the political, the economic, and the civic power—and in empowering and dealing intelligently with those who should be the real protagonists: the parties who will be affected by the activities of development.

## 7. Models of Development

In deciding on models of development, in accordance with the internal goods intended to be obtained, one may take as a guide the distinction Amartya Sen makes between two concepts of development, which he calls respectively BLAST (“blood, sweat and tears”) and GALA (“getting by, with a little assistance”) (Sen 2001). BLAST interprets development as a necessarily cruel procedure, while GALA views it as a process of cooperation, in the sense that those who act on the market are interdependent and public services can foster cooperation between individuals. These two concepts can, in practice, take on highly diverse forms, and their traits may even be found in diverse plans and projects.

In one of its versions, BLAST understands that certain sacrifices need to be made in terms of social benefits, inequality, or authoritarianism in order to attain high levels of accumulation, which allow the formation of capital. The quality of life of one part of the present population and even of a part of the population in the immediate future must be sacrificed, with a view to favoring future generations. In Sen’s opinion, which I share, BLAST involves at least two ideas that cannot be relinquished: intertemporal compensations and the accumulation of capital must be taken into account. But it also has two essential shortcomings: its lack of interest for the quality of life in the present and the immediate future, and its lack of creativity in avoiding the “tragic decisions”—that is, inventing formulas that prevent one having to choose between an increase in the quality of life of present generations and the increase in productivity by showing that the quality of life of present generations can also be a factor in productivity. For instance, social consumption in health and education can increase production and in this sense be an “investment.” For this reason GALA appreciates the interdependence between quality of life and economic productivity, realizing that social development can foster integral growth if it is complemented with favorable policies. *Human capital* is seen to be vital even for generating *physical capital*, and a country needs human capital—human resources—to develop.

Nevertheless, going back to Sen, the capacities of people may be understood only as resources for obtaining economic productivity, or they may be understood as valuable for their own sake, such as the capacities that need to be fostered in order for people to be able to choose their plans for life. With these words we return to the approach that Kant put forward in *Perpetual Peace* and in the *Foundations of the Metaphysics of Morals*. Kant asserted that even a people of devils, even a people of beings with no moral sensitivity, would rather live in a state ruled by law than in a state of war (Kant 1968b). Even a people of devils, we would say today, would prefer to have human resources available rather than do without them—the condition being, as Kant added, that these devils are intelligent. On too many occasions, however, it is the lack of intelligence that leads to disdaining human capital in work for development.

But human capital is not only a resource. People are not a means for other ends; they are valuable in themselves. This is why it is important to distinguish between “acting

through interest” and “taking an interest” in what is valuable in its own right (Kant 1968a). An ethical economy takes an interest in people and their capacities because they are valuable in their own right. This is the key to work for peoples’ development, and this is the core of Denis Goulet’s ethics of development.

## Acknowledgments

This chapter originally was given as a lecture at a conference in honor of Denis Goulet organized by the Kroc Institute for International Peace Studies and the Kellogg Institute for International Studies and held at the University of Notre Dame in April 2005. Goulet was one of the most relevant figures worldwide in the ethics of development and one of the nicest people I ever met. I am both proud and pleased to be able to contribute to this tribute volume, which is so deservedly dedicated to him. This chapter has been elaborated in the framework of the Proyecto de Investigación Científica y Desarrollo Tecnológico HUM2004-06633- CO2-01/FISO (Ministerio de Education y Ciencia y Fondos FEDER).

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# 4. Our Basic Human Right is a Right to Liberty and It Leads to Equality

James P. Sterba

## Introduction

While it is generally agreed that justice is giving people that to which they have a right, there is considerable disagreement over exactly what it is to which people have a right. Under libertarian justice, what people have a right to is determined by an ideal of liberty. Under welfare liberal justice, it is determined by an ideal of fairness; under socialist justice, it is determined by an ideal of equality; under communitarian justice, it is determined by an ideal of the common good; and under feminist justice, it is determined by an ideal of a gender-free or equal opportunity society. I have argued elsewhere that when these five conceptions of justice are correctly interpreted, they all can be seen to support the same basic practical requirements (Sterba 1988, 1998, 2005). Since space does not allow a review of my entire practical reconciliation argument, what I propose to do in this chapter is to focus on the most contentious part of that argument, in which I attempt to show that libertarians should endorse a right to a basic needs minimum that extends to both distant peoples and future generations and on that account leads to equality. In setting out

the argument, I will try to make it more perspicuous than I have in the past and relate it to recent work done by Jan Narveson, a well-known libertarian, especially with regard to Narveson's critiques of earlier versions of my own argument.

Let us begin by interpreting the ideal of liberty as a negative ideal in the manner favored by libertarians. So understood, liberty is the absence of interference from other people. Libertarians go on to characterize their political ideal as requiring that each person should have the greatest amount of liberty commensurate with the same liberty for all (Hospers 2003). Interpreting their ideal in this way, libertarians claim to derive a number of more specific requirements, in particular, a right to life; a right to freedom of speech, press, and assembly; and a right to property. Here it is important to observe that the libertarian's right to life is not a right to receive from others the goods and resources necessary for preserving one's life—it is simply a right not to be killed

unjustly. Correspondingly, the libertarian's right to property is not a right to receive from others the goods and resources necessary for one's welfare but rather a right to acquire goods and resources either by initial acquisition or by voluntary agreement.

Of course, libertarians allow that it would be nice if the rich shared their surplus resources with the poor. Nevertheless, they deny that government has a duty to provide for such needs. Some good things, such as providing welfare to the poor, are requirements of charity rather than justice, libertarians claim. Accordingly, failure to make such provisions is neither blameworthy nor punishable. As a consequence, such acts of charity should not be coercively required. For this reason, libertarians are opposed to coercively supported welfare programs.

## Conflicting Liberties

In order to see why libertarians are mistaken about what their ideal requires, consider a typical conflict situation between the rich and the poor. In this conflict situation, the rich, of course, have more than enough resources to satisfy their basic needs.<sup>1</sup> By contrast, the poor lack the resources to meet their most basic needs even though they have tried all the means available to them that libertarians regard as legitimate for acquiring such resources. Under circumstances like these, libertarians usu-

*Our Basic Human Right Is a Right to Liberty and It Leads to Equality* 81 ally maintain that the rich should have the liberty to use their resources to satisfy their luxury needs if they so wish. Libertarians recognize that this liberty might well be enjoyed at the expense of the satisfaction of the most basic needs of the poor, but they maintain that liberty always has priority over other political ideals; and since they assume that the liberty of the poor is not at stake in such conflict situations, it is easy for libertarians to conclude that the rich should not be required to sacrifice their liberty so that the basic needs of the poor may be met. While libertarians concede it would be nice if the rich shared their surplus resources, they argue that such acts of charity are not required because the liberty of the poor is not thought to be at stake in such conflict situations.

In fact, however, the liberty of the poor is at stake in such conflict situations. What is at stake is the liberty of the poor not to be interfered with in taking from the surplus possessions of the rich what is necessary to satisfy their basic needs. Needless to say, libertarians deny that the poor have this liberty. But how can they justify such a denial? As this liberty of the poor has been specified, it is not a positive right to

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<sup>1</sup> Basic needs, if not satisfied, lead to significant lacks or deficiencies with respect to a standard of mental and physical well-being. Thus, a person's needs for food, shelter, medical care, protection, companionship, and selfdevelopment are, at least in part, needs of this sort. Moreover, the fact that not every need can be clearly classified as either basic or nonbasic—as is similarly true for a whole range of dichotomous concepts like moral/immoral, legal/illegal, living/nonliving, human/nonhuman—should not immobilize us from acting at least with respect to clear cases.

receive something but a negative right of noninterference. Clearly, what libertarians must do is recognize the existence of such a liberty and then claim that it conflicts with other liberties of the rich. But when libertarians see that this is the case, they are often genuinely surprised—one might even say rudely awakened—for they had not previously understood the conflict between the rich and the poor as a conflict of liberties (Hospers 1971, chap. 1; Machan 1975, 231ff).

When the conflict between the rich and the poor is viewed as a conflict of liberties, we can either say that the rich should have the liberty not to be interfered with in using their surplus resources for luxury purposes, or that the poor should have the liberty not to be interfered with in taking from the rich what they require to meet their basic needs. If we choose one liberty, we must reject the other. What needs to be determined, therefore, is which liberty is morally preferable: the liberty of the rich, or the liberty of the poor.

## The “Ought” Implies “Can” Principle

I submit that the liberty of the poor, which is the liberty not to be interfered with in taking from the surplus resources of others what is required to meet one’s basic needs, is morally preferable to the liberty of the rich, which is the liberty not to be interfered with in using one’s surplus resources for luxury purposes. To see that this is the case, we need to appeal to one of the most fundamental principles of morality, one that is common to all moral and political perspectives, namely, the “ought” implies “can” principle. According to this principle, people are not morally required to do what they lack the power to do or what would involve so great a sacrifice that it is unreasonable to ask and, in cases of severe conflict of interest, unreasonable to require them to abide by.<sup>2</sup>

For example, suppose I promised to attend a departmental meeting on Friday, but on Thursday I am involved in a serious car accident that puts me into a coma. Surely it is no longer the case that I ought to attend the meeting now that I lack the power to do so. Or suppose instead that on Thursday I develop a severe case of pneumonia for which I am hospitalized. Surely I can legitimately claim that I cannot attend the meeting on the grounds that the risk to my health involved in attending is a sacrifice it is unreasonable to ask me to bear. Or suppose the risk to my health from having

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<sup>2</sup> There are moral requirements, such as love your neighbor as yourself (if this is indeed a moral requirement), that violate the “ought” implies “can” principle, except when they are interpreted in an aspirational way. There are also moral requirements that give rise to residual obligations when they cannot be straightforwardly fulfilled, such as a promise to return a borrowed item one has lost, and on that account do not really violate the “ought” implies “can” principle. There are other requirements that violate the “ought” implies “can” principle but do not appear to be moral requirements—such as that kleptomaniacs not steal—unless they are interpreted as giving rise to indirect requirements—such as that kleptomaniacs seek psychological help—in which case these requirements do not violate the “ought” implies “can” principle (Pigden 1990; Sapontzis 1991; McConnell 1989; Montefiore 1958).



pneumonia is not so serious and it is reasonable to ask me to attend the meeting (a supererogatory request); it might still be serious enough to be unreasonable to require my attendance at the meeting (a demand that is backed up by blame or coercion).

When applying the “ought” implies “can” principle to the case at hand, it seems clear that the poor have it within their power willingly to relinquish such an important liberty as the liberty not to be interfered with in taking from the rich what they require to meet their basic needs. Nevertheless, it is unreasonable in this context to ask or require them to make so great a sacrifice. In the extreme case, it involves asking or requiring the poor to sit back and starve to death. Of course, the poor may have no real alternative to relinquishing this liberty. To do anything else may involve worse consequences for themselves and their loved ones and may invite a painful death. Accordingly, we may expect that the poor would acquiesce, albeit unwillingly, to a political system that denies them the right to welfare supported by such a liberty; at the same time we recognize that such a system imposes an unreasonable sacrifice upon the poor—a sacrifice that we could not morally blame the poor for trying to evade (Sterba 1990). Analogously, we might expect that a woman whose life is threatened will submit to a rapist’s demands, at the same time that we recognize the utter unreasonableness of those demands. By contrast, it is not unreasonable to ask and require the rich in this context to sacrifice the liberty to meet some of their luxury needs so that the poor can have the liberty to meet their basic needs. Naturally, we might expect that the rich, for reasons of self-interest and their own productive contribution, might be disinclined to make such a sacrifice. We might even suppose that the past contribution of the rich provides a good reason for not sacrificing their liberty to use their surplus for luxury purposes. Yet, unlike the poor, the rich cannot claim that relinquishing such a liberty involves so great a sacrifice that it is unreasonable to ask and require them to make it; unlike the poor, the rich are morally blameworthy for failing to make such a sacrifice.

Consequently, if we assume that however else we specify the requirements of morality, they cannot violate the “ought” implies “can” principle, it follows that, despite what libertarians claim, the right to liberty endorsed by them actually favors the liberty of the poor over the liberty of the rich. Therefore, within the bundle of liberties allotted to each person by the basic principles of libertarianism, there must be the liberty not to be interfered with (when one is poor) in taking from the surplus possessions of the rich what is necessary to satisfy one’s basic needs. This must be part of the bundle that constitutes the greatest liberty for each person because this liberty is morally superior to the liberty with which it directly conflicts—that is, the liberty not to be interfered with (when one is rich) in using one’s resources to satisfy one’s luxury needs if one so wishes. In this context, the “ought” implies “can” principle establishes the moral superiority of the liberty of the poor over the liberty of the rich. Here, too, the application of the “ought” implies “can” principle can be said to support greater liberty overall in the sense of supporting the morally greater or morally better liberty overall.

Yet couldn’t libertarians object to this conclusion, claiming that it would be unreasonable to ask the rich to sacrifice the liberty to meet some of their luxury needs so

that the poor can have the liberty to meet their basic needs? As I have pointed out, libertarians don't usually see the situation as a conflict of liberties, but suppose they did. How plausible would such an objection be? Not very plausible at all, I think. For consider: What are libertarians going to say about the poor? Isn't it clearly unreasonable to require the poor to sacrifice the liberty to meet their basic needs so that the rich can have the liberty to meet their luxury needs? Isn't it clearly unreasonable to require the poor to sit back and starve to death? If it is, then there is no resolution of this conflict that it is reasonable to require both the rich and the poor to accept. But that would mean that libertarians are not, in fact, putting forth a moral resolution, because a moral resolution resolves severe conflicts of interest in ways that it is reasonable to ask and require *everyone* affected to accept. Therefore, as long as libertarians think of themselves as putting forth a moral resolution, they cannot allow that it is unreasonable in cases of severe conflict of interest both to require the rich to sacrifice the liberty to meet some of their luxury needs in order to benefit the poor, and to require the poor to sacrifice the liberty to meet their basic needs in order to benefit the rich. I submit, however, that if one of these requirements is to be judged reasonable, then, by any neutral assessment, it must be the requirement that the rich sacrifice the liberty to meet some of their luxury needs so that the poor can have the liberty to meet their basic needs; there is no other plausible resolution—if libertarians intend to put forth a moral resolution.<sup>3</sup>

It should also be noted that this case for restricting the liberty of the rich depends upon the willingness of the poor to take advantage of whatever opportunities are available to them to engage in mutually beneficial work, so that failure of the poor to take advantage of such opportunities would normally cancel, or at least significantly reduce, the obligation of the rich to restrict their own liberty for the benefit of the poor.<sup>4</sup> In addition, the poor would be required to return the equivalent of any surplus possessions they have taken from the rich once they are able to do so and still satisfy their basic needs. Nor would the poor be required to keep the liberty to which they are entitled. They could give up part of it, or all of it, or risk losing it on the chance of gaining a greater share of liberties or other social goods.<sup>5</sup> Consequently, the case for restricting the liberty of the rich for the benefit of the poor is neither unconditional nor inalienable.

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<sup>3</sup> By "the liberty of the rich to meet their luxury needs," I continue to mean the liberty of the rich not to be interfered with when using their surplus possessions for luxury purposes. Similarly, by "the liberty of the poor to meet their basic needs," I continue to mean the liberty of the poor not to be interfered with when taking what they require to meet their basic needs from the surplus possessions of the rich.

<sup>4</sup> The employment opportunities offered to the poor must be honorable and supportive of self-respect. To do otherwise would be to offer the poor the opportunity to meet some of their basic needs at the cost of denying some others.

<sup>5</sup> The poor cannot, however, give up the liberty to which their children are entitled.

It is sometimes thought that a different interpretation of libertarianism exists, one that considers rights, not the ideal of liberty, as fundamental and where an analogous argument is needed to establish the conclusion I have just established here.<sup>6</sup> Under this presumptively different interpretation, the rights taken as fundamental are a strong (absolute) right to property and a weak right to life. Yet given that for libertarians such rights are rights of noninterference—that is, (negative) liberty rights—the question arises of why we should accept these particular rights of noninterference (liberties) and not others—which is just the question that arises when we consider the conflicting liberties to which an ideal of liberty gives rise. What this shows is that the “rights” interpretation of libertarianism is not really distinct from the “liberty” interpretation discussed above.

In brief, I have argued that a libertarian ideal of liberty can be seen to support a right to welfare by applying the “ought” implies “can” principle to conflicts between the rich and the poor. Here the principle supports such rights by favoring the liberty of the poor over the liberty of the rich. Clearly, what is crucial to the derivation of these rights is the claim that it is unreasonable to require the poor to deny their basic needs and accept anything less than these rights as the condition for their willing cooperation.

## Distant Peoples and Future Generations

For libertarians, fundamental rights are universal rights—that is, rights possessed by all people, not just those who live in certain places or at certain times. Of course, to claim that these rights are universal rights does not mean that they are universally recognized. Obviously, the fundamental rights that flow from the libertarian ideal have not been universally recognized. Rather, to claim that they are universal rights, despite their spotty recognition, implies only that they ought to be recognized because people at all times and places have or could have had good reasons to recognize these rights—even if they did not actually do so.<sup>7</sup> Nor need these universal rights be unconditional.

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<sup>6</sup> For a time, I thought so myself (Sterba 1998).

<sup>7</sup> Even though libertarians have claimed that the rights they defend are universal rights in the manner I have just explained, it may be that they are simply mistaken in this regard. Even when universal rights are stripped of any claim to being universally recognized or unconditional, it might still be argued that there are no such rights—that is, that there are no rights that all people ought to recognize. But how does one argue for such a view? One cannot argue from the failure of people to recognize such rights because we have already said that such recognition is not necessary. Nor can one argue that not everyone ought to recognize such rights because some lack the capacity to do so. This is because “ought” does imply “can” here, so that the obligation to recognize certain rights only applies to those who actually have or have had at some point the capacity to do so. Thus, the existence of universal rights is not ruled out by the existence of individuals who have never had the capacity to recognize such rights. It is only ruled out by the existence of individuals who can recognize these rights but for whom it is correct to say that they ought, all things considered, not to do so. But we have just seen that even a minimal libertarian moral ideal supports a universal right to welfare, and I have argued elsewhere that when “ought” is understood prudentially rather than morally, a non-questionbegging conception of

This is particularly true in the case of the right to welfare, which, I have argued, is conditional upon people doing all that they legitimately can do to provide for themselves. In addition, this right is conditional upon there being sufficient resources available so that everyone's welfare needs can be met. So where people do not do all that they can to provide for themselves or where there are not sufficient resources available, people simply do not have a right to welfare. Given the universal and conditional character of this libertarian right to welfare, what then are the implications of this right for distant peoples and future generations?

Consider that at present there is probably a sufficient worldwide supply of goods and resources to meet the normal costs of satisfying the basic nutritional needs of all existing persons. According to former U.S. Secretary of Agriculture Bob Bergland, "For the past twenty years, if the available world food supply had been evenly divided and distributed, each person would have received more than the minimum number of calories" (Bergland 1979). More recently, authorities have made similar assessments of the available world food supply (see World Watch Institute 2003, 28–31). Needless to say, the adoption of a policy of supporting a right to welfare for all existing persons would necessitate significant changes, especially in developed societies. For example, the large percentage of the U.S. population whose food consumption clearly exceeds even an adequately adjusted poverty index would have to substantially alter their eating habits. In particular, they would have to reduce their consumption of beef and pork so as to make more grain available for direct human consumption. (Currently, 37 percent of worldwide production of grain and 70 percent of U.S. production is fed to animals [World Watch Institute 2003, 30–31; Pimm 2001; World Watch Institute 1996, 34–35; Rifkin 1992].) Thus, at least the satisfaction of some of the nonbasic needs of the more advantaged in developed societies would have to be forgone so that the basic nutritional needs of all existing persons in developing and underdeveloped societies could be met—thereby leading to greater equality. Furthermore, to raise the standard of living in the second and third world will require substantial increases in the consumption of energy and other resources in those countries. But such an increase would have to be matched by a substantial decrease in the consumption of these goods in the first world, otherwise global ecological disaster would result from increased global warming, ozone depletion, and acid rain, lowering virtually everyone's standard of living (Starke 2003, chap. 1; Silver 1990; McKibben 1989; Leggett 1990; Brown 1991). For example, some type of mutually beneficial arrangement would have to be negotiated with China, which, with 50 percent of the world's coal resources, plans to double its use of coal within the next two decades yet is currently burning 85 percent of its coal without any pollution controls whatsoever (Park 1980, chap. 13; Brown 1995, chap. 7). In addition, once the basic nutritional needs of future generations are taken into account, then the satisfaction of the nonbasic needs of the more advantaged

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rationality favors morality over prudence. So for those capable of recognizing universal rights, it simply is not possible to argue that they, all things considered, ought not to do so.

in developed societies would have to be further restricted in order to preserve the fertility of cropland and other food-related natural resources for the use of future generations. And once basic needs other than nutritional ones are taken into account as well, still further restrictions would be required. For example, it has been estimated that presently a North American uses seventy-five times more resources than a person living in India. This means that in terms of resource consumption the North American continent's population is the equivalent of 22.5 billion Indians (Starke 2004, 8). So unless we assume that basic resources such as arable land, iron, coal, and oil are in unlimited supply, this unequal consumption will have to be radically altered if the basic needs of distant peoples and future generations are to be met (Starke 2004).<sup>8</sup> In effect, recognizing a universal right to welfare applicable both to distant peoples and future generations will lead to an equal sharing of resources over place and time.<sup>9</sup>

## Narveson's Critique

For a number of years, Jan Narveson and I have been debating my argument that the libertarian ideal of rights leads to welfare rights and, beyond that, to equality. Although we had some earlier exchanges, a significant exchange occurred about ten years ago when Narveson and I were in a symposium together at an American Philosophical Association Central Division Meeting in Nashville, Tennessee. In 1999 Narveson contributed to a symposium on my book, *Justice for Here and Now* (1998), that was published in the *Journal of Social Philosophy* (Narveson 1999). More recently, I invited Narveson to contribute to a volume of essays on my work published in 2001, in which I had a chance to respond to his essay (Narveson 2001; Sterba 2001). And most recently, in 2002 Narveson published a paper entitled "A Critique of Sterba's Defense of the Welfare State" (henceforth simply referred to as "Critique") in Louis Pojman's *Political Philosophy* (Narveson 2002). On this occasion, I will focus on Narveson's most recent critique of my view, although I will make some reference to his earlier critiques as well.

Let me begin by noting a new point of agreement. In "Critique" Narveson argues that there are not two forms of libertarianism—Spencerian libertarianism (which takes an ideal of liberty to be supreme) and Lockean libertarianism (which takes a particular set of rights to be supreme)—as I had earlier claimed, but only one form of libertarianism. This two forms perspective was recommended to me by Jeffery Paul (who is also a libertarian) a number of years ago as a useful way to think about libertarianism. More recently—not as a result of reading Narveson's "Critique," unfortunately, but rather

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<sup>8</sup> There is no way that the resource consumption of the United States can be matched by developing and underdeveloped countries; even if it could be matched, doing so would clearly lead to ecological disaster (Mungall and McLaren 1990; Lappe and Collins 1986).

<sup>9</sup> Once basic needs are met among existing generations, however, it may be that renewable resources can be used for meeting nonbasic needs in ways that do not jeopardize the meeting of the basic needs of future generations.

from responding to an objection from my colleague Alasdair MacIntyre—I came to the conclusion that there are not really two forms after all but only one, which you can label either Spencerian or Lockean and for which a right to liberty is fundamental.

Yet after acknowledging this new-found point of agreement, it becomes even harder to find others. However, there may be at least one more hidden beneath an apparent disagreement. The apparent disagreement is that Narveson denies that there are conflicts of liberty in the libertarian view, whereas I hold that there are conflicts of liberty. When I maintain that there are conflicts, however, I do not mean that there are conflicts among approved liberties. And when Narveson says there are no conflicts of liberty, he likewise seems to mean that there are no conflicts among approved liberties. Consider the following passage from an earlier work by Narveson that appears to support this interpretation:

We should, of course, bear in mind that all rights restrict liberty. In saying that someone has a right to do something, what we are saying is that someone else may not do certain things, and if necessary may be compelled to refrain from them. The libertarian case is that the fundamental right is a right to liberty, but in being so it is automatically a prohibition of the liberty to do certain things: namely, acts that infringe liberty.....

[From t]he fact that it is the liberty of the poor [not to be interfered with when taking] from the rich that is being restricted, then, it does not follow that what we have is a clash of liberties in the relevant sense: namely, a clash of liberties that the theory protects. It is, instead, a clash between a familiar kind of liberty that it is the very essence of the theory to forbid and another kind of liberty that it is the very essence of the theory to protect. (Narveson 1994)

Accordingly, Narveson and I may not be disagreeing about whether there are conflicts of liberty after all. We both may be claiming that at the approved level, there are no such conflicts. Yet while Narveson and I may not be disagreeing over whether there are conflicts of liberties at that approved level, we certainly do disagree about what liberties there are at the approved level. Significantly, I maintain that there is a negative liberty that grounds a right to welfare at that level, whereas Narveson claims there is no such liberty at that level.

Sometimes, Narveson seems to be arguing that the reason why there isn't such a liberty is that it is not in the interest of the poor to support such a liberty. For example, in "Critique" he says, "The welfare state is worse for the poor, not just for everyone else" (2001). If I thought that Narveson were right about this empirical claim, then we wouldn't be disagreeing at the practical level at all. This is because my support for the welfare state, like many other political philosophers, is conditional on voluntary charity being insufficient to take care of the needs of the poor. In fact, historically state welfare programs have emerged when, and to the degree that, voluntary charity has proved insufficient to take care of the needs of the poor.

There is also an interesting practical reason why coercive welfare systems are needed. For many people, coercive welfare systems provide them with the opportunity to be as

morally good as they can be. This is because many people are willing to help the poor but only when they can be assured that other people, similarly situated, are making comparable sacrifices, and a coercive welfare system does provide the assurance that comparable sacrifices will be made by all those with a surplus. Such people, and there appear to be many of them, would not give, or would not give as much, to the poor without this coercive requirement.

Ultimately, however, I am not sure that Narveson wants to rest his support for a libertarian society without welfare rights on the grounds that this sort of society would best serve the interests of the poor. In “Critique” he seems to ground his support on a Hobbesian, nonmoral, hypothetical contract, where everyone is trying to best pursue his or her own self-interest. This is quite different from what would emerge from the fairness-based hypothetical contract of John Rawls, and from what would pass my moralized “ought” implies “can” principle test.

At this point, the difference of ultimate starting points does present a problem for how to continue our discussion. Narveson grounds his nowelfare-right libertarianism in a nonmoral Hobbesian contract, whereas I ground my welfare-right libertarianism in a moralized “ought” implies “can” principle. One might think that we have reached a point from which no further discussion is possible. Fortunately, I don’t think we are at such an impasse for two reasons. The first is that I think it can be argued that Narveson’s no-welfare-right libertarianism would not, in fact, emerge from a hypothetical Hobbesian contract, that is, public endorsement. In his discussion of his Hobbesian choice situation, Narveson is quick to point out that the needs of the poor may not, and usually will not, be a consideration to which the rich give any credence. But, for similar reasons, the fact that the rich got somewhere first and were first to mix their labor with something will not be considerations that, from a Hobbesian perspective, the poor must give any credence to either. From a Hobbesian perspective, everything is determined by the payoffs to each from various forms of cooperation and noncooperation. Thus, unless the rich have invested heavily in their defense, it may turn out to be in the self-interest of the poor to take from the rich as much as they want. From a Hobbesian perspective, everything is determined by one’s relative threat advantage. So, in Narveson’s view, whether the poor have a right to welfare depends on what power relations happen to obtain between the rich and the poor, and what the rich and the poor have to gain or lose from using the power they have. Thus, Narveson’s no-welfare libertarianism does not conclusively emerge even from a nonmoral Hobbesian choice situation.

The second reason I have for thinking that Narveson and I are not yet at an impasse is the way that Narveson has challenged my argument for my moralized “ought” implies “can” principle, in which he claims that my argument does not justify the altruism it requires (Narveson 2001). In Narveson’s view, while the welfare state requires altruism to support its right to welfare, the libertarian state only recommends the altruism that would help the poor who are in need; it does not *require* that degree of altruism. So where is the justification for this difference in required altruism, Narveson asks.

I agree that there is a difference in required altruism between the welfare state that I defend and the libertarian state that Narveson defends, but surprisingly—or not so surprisingly—I claim that it is his libertarian state that requires the greater degree of altruism. This is because the libertarian state requires some of the poor, maybe a large number of them, to give of their lives or basic well-being if the rich happen to choose to spend their surplus on luxuries for themselves or their loved ones, rather than on helping the poor. This is a much greater sacrifice, and hence it requires a greater degree of altruism from the poor than the welfare state requires from the rich, who only have to sacrifice meeting some of their desires for luxuries so that the poor can meet their basic needs. Hence, one way to argue why the libertarian state that Narveson defends is morally objectionable is to see that it requires a greater degree of altruism than the welfare state requires.

Of course, Narveson could counter that if the rich are sufficiently generous, that greater degree of altruism would never be required of the poor. Yet the libertarian state, unlike the welfare state, can never guarantee that that greater degree of altruism will not be required of its members. This gives us one way of capturing the moral superiority of the welfare state over the libertarian state. The libertarian state is just too morally demanding: it sometimes requires too much altruism from its members.

Jan Narveson and I have been debating the issue of libertarianism and welfare rights for many years now. Over the years, I think we have come to understand each other's arguments better and, as a consequence, have been able to develop our arguments in new and interesting ways. Whether Narveson and I will ever, ourselves, come to an agreement on this issue, I am not sure. But hopefully our debates will help others think about the important issues that are at stake here and make further progress than we have achieved in discussing them.<sup>10</sup>

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<sup>10</sup> Jan Narveson and I are currently under contract with Cambridge University Press to complete a debate book entitled *Liberty and Equality: Incompatible Political Ideals?*



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# 5. The Persistence of Religious Values and Their Influence on Faith-based Development Institutions

Sheldon Gellar

During the 1960s and 1970s modernization and Marxist development theorists dominated the development literature and predicted that religious values would decline with economic development. Traditional religious values and cultures were perceived as static and unable to adapt to the exigencies required for economic development and democratic forms of governance. The path to development implied the uncritical adoption of modern Western values and modes of political, economic, and social organization.

Today, the notion that traditional religious values stifle development and democracy is being increasingly challenged by scholars and practitioners exploring the role of religion in development and democratization processes. Religion has not declined in most non-Western societies on the path to development, and democracy has taken hold in many societies where the population retains strong religious identities. Building on the concept of social capital developed during the 1980s and 1990s, scholars are now examining the role of “spiritual capital” in promoting development. Political scientists are increasingly discovering the importance of religious values as a key element in understanding political systems and their potential for contributing to the formation of democratic cultures.

Denis Goulet was one of the first scholars to challenge the prevalent conventional wisdom of the development literature and provide an alternative normative definition and vision of development. This chapter begins with a discussion of the core religious values and teachings shaping Goulet’s definition of development as a normative concept, his success in universalizing core values inspired by a specific religious tradition, and his affirmation of the potential for building upon traditional religious and cultural values to overcome underdevelopment. It then explores the influence of religious values in shaping the vision, objectives, and orientation of international faith-based development institutions and national and local faith-based communities in the non-Western world.

# Goulet's Authentic Development: Religious Values as a Normative Guide for Defining and Pursuing Development

## Catholic Roots and Influences

According to Goulet, development is above all a *normative* concept that incorporates concepts of the good life, social justice, and society's relationship with nature; it is not just a measure of greater economic output and productivity.<sup>1</sup> Goulet's approach to and specific vision of what he calls authentic development owes much to the influence of his teacher and mentor, Father Louis-Joseph Lebreton (1897–1966). Lebreton was a Dominican priest, the founder of *Economie et Humanisme* (Economy and Humanism), a United Nations development expert, and advisor to Popes John XXIII and Paul VI.<sup>2</sup> Lebreton taught that religious values were at the heart of all developing societies and that development had to be built and sustained around these values. Although Lebreton wrote extensively on what it meant to be a Catholic militant, he never attempted to impose his own religion on his students or colleagues.<sup>3</sup> The International Institute for Research and Training for Harmonized Development (IRFED), the development training and research center opened by Lebreton in 1958, welcomed students and development practitioners from all over the world and of different faiths—Catholics, Protestants,

Jews, Muslims, Animists, Buddhists, and Confucians. The curriculum included lectures on the world's major religions that treated these religions and their teachings with great respect. Lebreton translated his religiously based concepts rooted in Catholicism into nonsectarian language and spoke of the human ascent toward a more humane life for all as the major challenge confronting all societies in the twentieth century.

Lebreton identified economic well-being as an essential component of development and argued that authentic development called for meeting the basic material needs of all by both increasing economic productivity and redistributing existing resources equitably. Lebreton's Christian values concerning charity and justice were expressed in his call for rich nations and classes to willingly share their wealth to help the "have-not" nations and classes escape what he called "the scandal of underdevelopment."

In addition to his moral critique of the materialism, consumerism, and lack of human solidarity present in Western societies, Lebreton developed a rational and scientific methodology for analyzing and measuring underdevelopment and progress toward de-

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<sup>1</sup> This is one of the major themes in his groundbreaking book, *The Cruel Choice: A New Concept in the Theory of Development* (Goulet 1971b).

<sup>2</sup> See Goulet's essay, "L. J. Lebreton, Pioneer of Development Ethics" (2006, 50–62). For more on Lebreton's biography and his work, see Mallet (1968).

<sup>3</sup> For examples of his writing as a Catholic militant, see Lebreton (1946) and (1951).

velopment.<sup>4</sup> Along with the economist Francois Perroux, he was one of the founders of the French school of regional science, which introduced the notion of regional and local development poles as an alternative to excessive concentration and centralization of economic activity in the capital city. Lebreton insisted that development planning had to be based on an extensive survey of the needs of the local populations and an inventory of the existing human, physical, and economic resources and their potential. Lebreton's methodology included constituting interdisciplinary teams to survey a particular region or area targeted for development; each team was led by individuals capable of synthesizing the situation based on analyses provided by the specialists in various areas of expertise.

Like Lebreton, Goulet emphasized the importance of economic factors as major indicators of well-being in all societies. Although man does not live by bread alone, man cannot flourish and become fully whole until basic needs are met—hence the need for material as well as spiritual development. For Goulet, the search for transcendence is perfectly compatible with human efforts to intervene to build a more just and humane society. Rather than being the opium of the people, religious teachings—especially those stressing the inherent worth of all human beings before God, social justice, and solidarity—can inspire and mobilize people to work together to construct a more productive society that meets the basic material needs of all. Goulet's concept of universal solidarity is inclusive and extended to all humanity, not just to members of one's own religious, ethnic, or national community. These views were compatible with the progressive teachings and radical reforms introduced by Pope John XXIII, Pope Paul VI, and the Vatican Council in the late 1950s and 1960s, which preached respect for all religions and peoples, advocated interfaith dialogue, and downplayed proselytizing as central to the church's relationships with non-Western societies.

## **Universal Principles and Diverse Paths to Transcendence and Development**

One of Goulet's major accomplishments was his ability to translate and universalize the particular language and principles of Catholic social doctrine and theology that had inspired his thinking into language that transcends the particularity of its Catholic roots and speaks to people of all faiths, as well as to secular audiences. Goulet maintained that some universal values, such as social justice, freedom, the need for self-esteem, the search for meaning, and economic well-being, are universal values that are held by both religious and secular thinkers alike. However, the specific contents and meanings of the concepts—the concrete forms that they take, the scope of their application, and the actions deemed necessary to realize these values—may differ widely,

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<sup>4</sup> Lebreton also wrote methodological manuals for doing social surveys. For a synthesis of his scientific work on development, see Lebreton (1961).

hence the need for dialogue to come to some agreement as to how to achieve development in specific contexts.

Secular humanists also have demonstrated that they share many of the same values espoused by Goulet by providing cogent ethical critiques of the evils and excesses of modern development processes and embracing social justice, equality, and the inherent dignity of the individual.<sup>5</sup> Christians and believers from other religions, however, do not always embrace the universal values that form the basis of the normative underpinnings of development described above. Instead of accepting religious pluralism, many believers affirm that there is only one path to God and look upon other religions as false, theologically inferior, or even evil. Although it is often said that the upsurge of fundamentalist religious sentiments in the world reflects the inability of individuals and societies to adapt to rapid social change and modernity, the fact remains that many fundamentalist movements vigorously seek economic development, mastery of modern scientific technologies, and mass education for their followers. Moreover, these movements often adopt social justice and solidarity as core religious values, provide valuable social services, and combat injustices inflicted on their communities. What distinguishes these religious movements and their teachings from those embracing religious pluralism is their lack of tolerance toward those who do not share their religious beliefs and practices, their unwillingness to regard outsiders as having the same rights as those in their own community, and the use of coercion and violence to impose their values.

Reflecting on the complexity of history and the human condition, Goulet noted that there are no perfect utopian societies or development models. There is no single formula for achieving authentic development and no single path that will enhance understanding of the transcendent reality that is the object of religious faith. While there are many paths to transcendence and development, however, all paths are not equally valid. Goulet reproached the shortsightedness of Western development experts espousing reductionist approaches to development that reflect a narrow economist view of society and man, deny the validity of spiritual wisdom, and downplay political and cultural factors (Goulet 1980). He insisted that history must be constructed by its human agents in ways that leave history itself open to transcendence: “For millions of religious believers—Christians, Muslims, Hindus, Animists and others—transcendence points to a life after this life, a universe beyond this material world, which alone confers full and final meaning to human efforts deployed in time” (Goulet 1995, 214). These beliefs provide meaning to life, hope to individuals and communities encountering difficulties, and moral incentives for doing good in this world.

Goulet also criticized religious communities resisting constructive social change in the name of tradition, such as providing greater rights for women and oppressed mi-

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<sup>5</sup> For example, Goulet made frequent references to the works of secular humanists like Abraham Maslow (1968), Eric Fromm (1967), and Barrington Moore (1979). While rejecting historical materialism, he has been sympathetic to manifestations of Marxist humanism as expressed in the desire to end man’s exploitation of man and the critique of unjust economic and social structures.

norities and access to secular education. Asserting that traditional religions and culture need to embrace certain aspects of secularization, he made a useful distinction between secularization and secularism (Goulet 2005, 27). As a philosophical system, secularism reduces the world of values or worthwhile human pursuits to secular matters and is skeptical of the validity and relevance of spiritual knowledge. Secularization occurs when traditional religious and cultural societies pay more attention to this-worldly values, like material well-being, and incorporate scientific rationalities into their quest for development and the good life. Secularization, unlike secularism, can take place without necessarily abandoning core religious values and spiritual traditions.

## **The Capacity of Traditional Religions and Cultures to Adapt**

Goulet argued that transcendent meaning systems constitute rich sources of what others have more recently called spiritual or religious capital, which can be channeled toward promoting development. “Spiritual capital” has been defined as a specific form of social capital that refers to the power, influence, knowledge, and dispositions gained by individuals through their membership in a particular religious tradition (Berger and Hefner 2003, 3).<sup>6</sup> Believers sharing common religious values and participating in networks and groups build trust through mutual recognition and reciprocity. This trust or social capital can be used to mobilize members for developmental purposes.

Rejecting the notion of traditional religions and cultures as necessarily backward, static, and resistant to modernity, Goulet maintained that all religions and cultures have the latent capacity to adapt new strategies to meet their basic needs and attain what they understand to be the good life. The acceptance or rejection of developmental change depends primarily on the manner in which change is proposed, not on any basic hostility to change inherent in traditional societies. This idea was developed through his concept of “existence rationality,” which was formulated in his earlier work (Goulet 1971b, 187–212). Goulet defined “existence rationality” as the process by which any human society applies a conscious strategy for realizing its goals, given its ability to process information and the constraints weighing on it. Every society contains an inner core of values, which must not be sacrificed, and an outer periphery of values, which can be altered. The narrow existence rationalities of traditional societies offer considerable scope for change when the proposed alteration of old values and practices supports inner core values, practices, and strategies.

Innovation is considered to be good only if it is judged by the concerned populace to be compatible with its image of the good life and the good society (Goulet 1971a, 206–7). Thus, social change leading to development is more acceptable when its agents respect and build upon core values that reflect the society’s existence rationality. External change agents coming from other societies that do not share the same existence

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<sup>6</sup> For a literature review of the concept, see Iannaccone (2003).

rationalities run the risk of meeting resistance to the changes they propose when these changes challenge inner core values and threaten individual and group identities.

As Goulet pointed out, many development projects designed by external agents get poor results because they do not adapt the project to the existence rationalities of the people who are supposed to be its beneficiaries. For example, family planning clinics established by secular American and European aid agencies in Africa that stressed birth control, the distribution of condoms and other contraceptives, and the use of graphic audio-visual and other materials often failed to attract large numbers of people because the clinics violated core religious values, cultural practices, and notions of modesty. When these clinics switched their emphasis from family planning and birth control to improving the health of women and children and preventing AIDS, they had greater success in reaching the indigenous populations and in enlisting the support of local and national religious leaders. As will be discussed below, there has been a rising tide of indigenous faith-based associations, especially at the grassroots level, retaining core values and building on the spiritual capital inherent in their religious traditions in order to mobilize for developmental purposes.

## **External Agents of Transcendence and Development: Faith-Based International Development NGOs**

The forerunners of the Western faith-based international humanitarian and development agencies that emerged during the twentieth century were the missionary societies sent out by Catholic and diverse Protestant denominations in North America and Western Europe to convert the natives of Africa and Asia. During the nineteenth century Europe justified its conquest and occupation of most of Africa and much of Asia in the name of bringing progress and modern civilization—or what many today call “development.”

Protestant and Catholic missionaries were active in Africa long before the consolidation of colonial rule over most of Africa at the beginning of the twentieth century. At that time, only 2 percent of the continent’s population was Christian. By the end of the century, however, this percentage had climbed to 40–45 percent, thanks to the evangelization efforts of Christian missionary societies. Although their primary goal was to save souls by converting the “heathens” to Christianity, Catholic and Protestant missionary societies also engaged in what might be called development activities. In many African colonies missionaries, rather than the colonial state, assumed most of the responsibility for providing schools and medical clinics. During the colonial period, however, missionaries placed far more emphasis on saving souls than on improving living conditions, preaching racial equality, and opposing social injustice. Most missionary societies and their agents had little respect for and even less understanding

of traditional African religions and cultures. When missionaries learned indigenous languages, they did so primarily to spread the Gospel. They promoted literacy and established schools as instruments for attracting and converting natives to Christianity. This policy worked; in colonies under British rule, missionary schools accounted for 90 percent of the new converts to the Christian faith. However, conversion to Catholicism or to any one of the diverse Protestant denominations did not mean acceptance of all the norms and rules of Christianity as interpreted and laid down by the missionaries. While accepting Christ as their Savior, many African Christians retained valued old practices and beliefs—such as polygamy, belief in spirits, etc.; others broke away from the European-dominated churches to establish their own independent African churches, which, unlike the churches introduced by American and European missionaries, were led by Africans.

During the first half of the twentieth century, faith-based agencies in the United States and Europe emerged to provide relief and humanitarian assistance to peoples in other parts of the world. Much of their early efforts were concentrated in European countries suffering from war and natural disasters. During the second half of the century, when foreign aid was used to promote development in what became known as the third world, many of these faith-based NGOs added development activities to their agendas. This period also coincided with the emergence of newly independent countries and the Cold War. Unlike international secular development NGOs, faith-based NGOs evoked the specific religious teachings of their denomination as sources of inspiration for their development philosophy. Catholic and mainline Christian churches, for the most part, created separate organizations to carry out evangelical and development activities; some of the smaller Protestant evangelical churches continued to send change agents whose main mission was to proselytize and convert non-Christians to Christianity, while also providing health and educational services and organizing development projects.<sup>7</sup>

The Roman Catholic Bishops of the United States established Catholic Relief Services (CRS) in 1943 to provide assistance to those in need outside of the United States, regardless of race, creed, or nationality.<sup>8</sup> Over the years CRS has articulated a philosophy closely resembling the Catholic social teachings expressed in Vatican II and Paul VI's encyclical, *Populorum Progressio*. Unlike some of the more evangelical Christian development NGOs, CRS has formally renounced proselytizing as part of its spiritual mission, declaring that promotion of development is an end in itself rather than an instrument for bringing people to the Catholic faith. CRS also embraces peace and social justice as critical components of development and maintains that peace cannot

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<sup>7</sup> For example, see Bergner (2003), which examines how American evangelicals are seeking to convert non-Christians in Africa and what they bring to the people with whom they are working.

<sup>8</sup> For a detailed analysis of the history and religious values of CRS, as well as the challenges faith-based NGOs face in expanding their scope and taking on a wide range of development activities requiring a high degree of technical competence and growing dependency on external resources, see Goulet (2002, 204–33). For updated information about CRS, see <http://www.crs.org>.



be attained without social and economic justice. CRS peace-making programs strive to improve the lot of the poor and other vulnerable elements of society. In tandem with activities designed to improve economic productivity and the quality of life, CRS emphasizes transformation of unjust social and economic structures, which the organization regards as the root causes of conflict.

Like CRS, Church World Service (CWS), World Vision, and the Lutheran World Federation have evolved into large-scale, faith-based development organizations designed to overcome poverty.<sup>9</sup> With their expansion has come greater dependency upon American foreign aid agencies to finance their projects, as well as formal restrictions on proselytizing activities as a condition for financing.

Some Protestant evangelical relief and development agencies believe that there is only one road to salvation; thus, they still see their main task as saving souls by converting non-Christians to the faith (Harris 2000, 24–49). Today, however, there is generally greater emphasis on converting people through witness and good deeds than through preaching and directly attacking other religions. On the other hand, some evangelical missions operating in the third world still hand out Bibles along with their development activities and openly attack other religions as false if not evil. These practices have stirred up enmity between Christian and Muslim communities in Sudan and northern Nigeria.

Though not a faith-based agency, the American Jewish World Service (AJWS) claims to be inspired by Judaism's imperative to pursue justice, as stated many times in the Hebrew Bible.<sup>10</sup> Founded in 1985 by rabbis, laypersons, and secular Jews, AJWS is an international development NGO dedicated to alleviating poverty, hunger, and disease among the people of the developing world. More recently, an effort has been made to rally Jewish support for and involvement in international development activities by evoking the religious concept of *Tikkun Olam*, which literally means “healing, improving, and perfecting the world” (Fried 2006).

International Islamic development NGOs are often depicted as intolerant of other religions, not willing to work outside Muslim communities, and hostile to working with secular, Western development NGOs and government aid agencies. However, this stereotype does not reflect the great diversity among Islamic development NGOs. For example, the Aga Khan Foundation, a Shia faith-based organization headed by the Aga Khan, leader of the Ismaili community, has created several important development-oriented NGOs throughout the developing world and espouses a moderate form of Islam that eschews compulsion in religion, leaves each to their own faith, and encourages all

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<sup>9</sup> For more information of the goals, activities, and religious orientation of these organizations, see <http://www.churchworldservice.org>, <http://www.wvi.org>, and <http://www.lutheranworld.org>. CWS represents a group of thirty-five Protestant, Orthodox, and Anglican development NGOs. World Vision and the Lutheran World Federation seem to have a more evangelical orientation than CRS or CWS.

<sup>10</sup> For more on AJWS, see <http://www.ajws.org>.

to vie for goodness.<sup>11</sup> On the other hand, international Islamic relief and development NGOs inspired by Wahabi doctrines and radical forms of political Islam often preach hostility to the West and its materialist values, proclaim their form of Islam as *the* solution to all of society's ills, and attack more tolerant forms of Islam as false or corrupt. Like some of their militant evangelical Christian counterparts, these Islamic organizations use their development activities primarily as instruments for propagating their particular version of the faith. They also tend to place greater emphasis on more traditional charitable activities such as providing assistance to widows, orphans, and the handicapped; supporting Islamic religious education; and constructing mosques. These groups also differ considerably in their stance toward women and their place in society.

One of the major challenges of Western-based, faith-based international development NGOs is how to serve as social change agents that respect and build upon the existence rationalities of non-Western societies. This may be less problematic when a development NGO like CRS operates in predominantly Catholic countries and works closely with the Catholic Church as their principal partner. Even then, however, cultural differences between North American and European Catholics working for CRS and Catholics in third world countries often create barriers and conflicts to greater collaboration. This challenge is even greater when Christian faith-based international development NGOs work primarily with Buddhist, Hindu, Muslim, and Animist populations. In this case, any effort to proselytize the local populations risks creating tensions between the NGO and the people they are serving. Faith-based international development NGOs can avoid conflict by renouncing efforts to convert others and by operating largely as secular aid agencies.

Western faith-based international NGOs do not seem to differ that significantly from many of their secular counterparts who share similar universal values in carrying out developmental activities. For example, Oxfam and the International Rescue Committee seem to espouse the same commitment to peace, social and economic justice, economic wellbeing, and other values as many faith-based development agencies. The adoption of secular bureaucratic norms and professionalization of staff by faith-based agencies has also contributed to reducing differences between them and secular development NGOs.

Questions about the differences between faith-based and secular development NGOs remain, however. For example, are faith-based international development NGOs likely to be more sensitive to and more tolerant of differences in religious and cultural values and indigenous existence rationalities than their secular counterparts? Are they more likely to challenge the validity and universality of development strategies that stress the primacy of economic rationality, markets, and market competition as the main motors of development? More research needs to be pursued to find the answers to these

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<sup>11</sup> For more information on the religious underpinnings of the Aga Khan Foundation and its various branches, see <http://www.akdn.org>.

questions and to ascertain whether and under what conditions faith-based international development agencies have a comparative advantage over secular international development organizations. In the end, faith-based development agencies pursuing conversion strategies because of their belief in the superiority of their specific religious beliefs may have more in common with secular development organizations seeking to impose uniform development strategies because of their belief in the efficacy of a specific set of economic principles.

## **Indigenous Agents of Transcendence and Development: National- and Local-Level Faith-Based Development NGOs, Associations, and Communities**

Indigenous faith-based development institutions vary immensely in origin, organization, resources, core values, objectives, and degree of integration with the societies in which they operate. Some demonstrate a great willingness and commitment to collaborate and work with secular and faith-based development institutions outside their religion. At the other extreme, some faith-based development institutions are suspicious of, if not hostile to, secular and other faith-based organizations emanating outside their religious community. Unlike international NGOs, national- and local-level development NGOs are staffed by citizens of the countries in which they operate. National-level development NGOs in most third world countries tend to be secular, be run by highly educated national elites, and operate as service agencies; they are generally heavily dependent upon foreign financial aid. Nonetheless, faith-based national-level development NGOs can be found throughout the third world. Non-Christian faith-based national-level development NGOs are concentrated in Asia and the Middle East, regions in which Christianity is not the majority religion.

The Sarvodaya Shramadana movement in Sri Lanka is the largest and best-documented national-level development organization inspired by Buddhist religious principles.<sup>12</sup> It builds on ancient Buddhist philosophy, emphasizing respect for all life and the well-being of all, and uses the Buddhist concept of awakening as its central metaphor for development. Founded in 1956 by A. T. Ariyaratne, a teacher in a Buddhist secondary school in Columbo, the movement also adopted some of the core values of Gandhi's Indian Sarvodaya movement, which stressed selfless service for humanity as the highest form of religious practice and the need to build a new and nonviolent social and economic order based on justice and self-reliance (Bond 2004, 7–10). While based on Buddhist values, the movement asserted the universality of

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<sup>12</sup> For three major studies of the Sarvodaya movement, see Goulet (1981), Macy (1983), and Bond (2004).

certain spiritual values—for example, compassion, loving kindness, peace, etc.—and reached out to work with and serve non-Buddhist communities, such as the predominantly Hindu Tamil minority and other Christian and Muslim communities. As a result, Sarvodaya differed markedly from

Buddhist nationalist movements in Sri Lanka, a country built around Buddhist identity; these nationalist organizations have adopted a more hostile stance to non-Buddhist minorities in the country.

Although organizing around the principle of broad participation and espousing development from below, the Sarvodaya movement began as a top-down movement in which urban students and teachers went to the country to preach their message and to organize the local populations. During the first decade of its existence, it received no external financial support. In 1972 it was legally incorporated as an NGO and began to accept outside funding from European NGOs. By the end of the 1980s the movement had become a national mass movement operating in two thousand villages and reaching over one million people. At the same time, it had become increasingly dependent upon external financial support, creating tensions between contending visions of development held by the external donors and Sarvodaya, which eventually led to a sharp drop in external funding. This dilemma raised the question as to whether the Sarvodaya movement could survive without extensive foreign funding and whether it could retain its integrity, vision, and independence.<sup>13</sup> During the mid-1980s, when ethnic conflicts erupted between the Sinhala majority and the Tamil minority, the Sarvodaya movement sought to work for peace and reconciliation. These efforts have continued up to the present. In Cambodia, Buddhists for Development provides another example of an NGO based on Buddhist values working for peace and development.

In the Middle East many Muslim faith-based development NGOs tend to be suspicious of both secular and Christian faith-based development NGOs. While not denying the benefits that can come from an easier material life, Muslim development NGOs affirm that the social and spiritual values embodied in Islam are vital components of authentic development. Many feel that secular organizations concentrate exclusively on improving the material well-being of their target communities and aspire to imitate the Western way of life, which is perceived as destructive to core Muslim values. Politics and sectarianism lie behind the lack of tolerance and openness to those not sharing one's faith, political orientation, or ethnic identity. Western colonial and postcolonial dominance of the region and the resurgence of Islamic nationalism and sectarianism are important factors contributing to the hostile stances of many Muslim faith-based organizations.

The situation is quite different in predominantly Muslim countries like Senegal and Mali in West Africa, where Sufi religious traditions of racial, ethnic, and religious

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<sup>13</sup> This issue is one of the main themes in Goulet's monograph on the Sarvodaya movement and is reflected in its title: *Survival with Integrity: Sarvodaya at the Crossroads*. Goulet also points to the necessity of national movements like Sarvodaya to exert their influence in the macroeconomic policy arena in order to present and defend alternative visions and development strategies.

tolerance and coexistence prevail. In Senegal, Christian and Muslim religious leaders attend each other's religious ceremonies, defend religious pluralism, and support development.<sup>14</sup> Sufis affirm that there are many roads to God. The Mouride Brotherhood emphasizes the importance of work, solidarity, and social peace as core values.<sup>15</sup> Faith-based values based on core Muslim, Christian, and Animist values permeate all levels of Senegalese society and have influenced the creation and organization of specifically faith-based development NGOs and local community associations.

Secular development theorists tend to regard the building of religious infrastructures like churches and mosques as not contributing to development and as a misallocation of scarce resources. This is not necessarily the case, however. Along the Senegal River, village development associations in Muslim communities made the construction of mosques their first priority and mobilized community resources toward that end.<sup>16</sup> The process of working together to build the mosque strengthened community solidarity, increased the stock of social capital, and demonstrated that the community had the capacity and will to mobilize human and economic resources to achieve its goals. Once their mosque was constructed, communities along the Senegal River, through their village development associations, turned their attention to providing potable water systems, health clinics, and schools to meet their basic needs in these areas. This was followed by the financing of vegetable gardens managed by the women in the village and other economic development projects.

Faith-based development NGOs and associations all over the world at the national, regional, and local levels have established joint development projects in which different faith communities work together and incorporate wisdom and knowledge derived from a wide range of religious and spiritual traditions, including those emanating from indigenous traditional religions.<sup>17</sup> For example, the Vivekananda Girijana Kal-yana Kendra (VGKK), a Hindu voluntary association, works together with the Soligas, a tribal people in southern India, to preserve the environment and to promote education, health, and cottage industries (Usha 2003). The Soligas' traditions of nature worship have generated a rich reservoir of indigenous knowledge of local health traditions, medicinal plants, traditional methods of seed conservation and storage, and effective methods for extracting forest products.

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<sup>14</sup> For more details about religious tolerance in Senegal, see Gellar (2005, 108–23).

<sup>15</sup> The Mouride work ethic has been compared to the Protestant ethic elaborated by Max Weber. See Wade (1967, 75–208).

<sup>16</sup> These observations are based on personal experience during numerous visits to the Senegal River between 1963 and 1998 and discussion with officials from international development agencies during this same period.

<sup>17</sup> The World Faiths Development Dialogue (WFDD) has amassed an impressive collection of case studies of religious/spiritual organizations that engage in development activities. The aim of the WFDD is to demonstrate how religion/spirituality can lead to different visions of development and different ways of implementing development than those of “mainstream” development institutions. To view sixteen case studies, see <http://www.developmentandfaith.org/research-archives.php>.

Elsewhere, in Awacatan in the northwestern highlands of Guatemala, Catholic and Presbyterian church groups work closely with women and families still adhering to traditional Awacatanan Mayan spiritual beliefs and practices, such as spiritual connectedness with God, gratitude for God's gifts, and an obligation to serve others to alleviate poverty through different development projects (Otzoy 2003). These values provide the members of the groups with the drive and courage to pursue their efforts to improve their material conditions. It also should be noted that some of the Protestant evangelical groups operating in the region strongly oppose the church's efforts to improve the economic well-being of the people and argue that the church should be involved only in matters of the spirit and not meddle in material matters.

The many examples of the influence of religious values in formulating alternative visions of development and the direction of a wide array of faith-based institutions cited above support Denis Goulet's affirmation of the great potential of traditional religious and cultural values to adapt to changing social conditions and to build effective strategies to overcome underdevelopment. It is heartening to see that his vision of authentic development is becoming increasingly accepted by a wider audience, and that academics and secular mainstream development institutions like the World Bank are showing a greater interest in learning more about the role of religious values and faith-based institutions in promoting development.

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# 6. Religion and Development Ethics: The Case of Hinduism

Amitava Krishna Dutt

## Introduction

For most economists, policy makers, and lay people, the meaning of “economic progress” is—above all else—an increase in the production of goods and services for the purpose of increasing human consumption. This is summarized in the slogan “More Is Better.” Economics principles texts usually define “economics” as the subject that examines how scarce resources are allocated among alternative ends to satisfy human wants. Economists assume that individuals obtain higher utility by having more income and by consuming more. Policy makers routinely measure wellbeing with per capita production and income, although they are aware of the problems of focusing on a single indicator. They are concerned with achieving economic efficiency, which is usually interpreted as maximizing the value of output of the economy.<sup>1</sup> The connection between economic development and consumption has long been explicitly recognized. Ellsworth writes that “essentially the problem of economic development is that of raising the level of national income through increased per capita output so that each individual will be able to consume more” (1950, 796).

This focus on material well-being and consumption is sometimes defended with the idea that it makes economics into a value-free science. Other concerns, such as that for income distribution, are supposed to involve value judgments—for example, those about fairness and equity—while the concern for material well-being and consumption is merely supposed to stress the value-free notion of efficiency. There are several problems with this view. First, the feasibility of having a value-free “science” of economics is highly questionable. Even the selection of some factors as being relevant for analysis and the exclusion of others reflects implicit value judgments. Second, the view that material well-being and consumption are the goals of development makes the value

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<sup>1</sup> The formal definition of “efficiency,” or “Pareto optimality,” is a state at which it is not possible to make anyone better off without making anyone else worse off. This definition does not require the maximization of the value of output, since it does not specify what makes people better off or worse off. Coupled with the assumption that consumption makes people better off, it normally entails maximizing the value of output.



judgment that the consumption of more material goods is better and that this objective trumps others, such as income distributional improvements and the removal of poverty, with which it may be (although not necessarily) in conflict. Third, the value judgment that takes more to be better can be argued to be problematic for a number of reasons.

These reasons have to do, first, with the empirical finding that higher levels of material well-being and consumption (beyond a certain level) do not make people happier, as measured by questionnaire surveys on subjective well-being in which people are asked, for instance, how happy they are—using a three-point scale described by words like “very happy,” “fairly happy,” or “not very happy”—in terms of their own definition of happiness. Although such survey results show that within a particular country richer people tend to be on average happier than poorer people, time-series surveys suggest that despite significant increases in income and consumption in many countries, including the United States and Japan, measured happiness has not increased, and cross-country evidence shows that beyond a certain level of per capita income, countries with higher levels of income do not report higher levels of happiness (see Easterlin 2001). Econometric time-series studies that take into account other determinants of happiness, such as personal, political, and social variables, also suggest that income has a very small or insignificant effect on happiness (see Frey and Stutzer 2002). Whatever one thinks of evidence of this kind and its implied notion of happiness, the fact that more does not seem to be better for people by their own reckoning provides justification for being skeptical of a development ethic that says more is better. It may be noted that more “objective” psychological measures, such as rates of depression and suicide, confirm the implications of the studies using subjective well-being measures of happiness.

Another reason why the assumption that more is better can be problematic is the possibility that pursuing growth and raising the levels of consumption may result in problems related to other legitimate objectives, such as income distribution and environmental sustainability. The relation between growth, on the one hand, and these other objectives, on the other, is a complicated one, and there is no *necessary* contradiction between them. There is reason to believe, however, that the singleminded pursuit of growth and consumption may undermine both income distributional and environmental objectives. Regarding distribution, the pursuit of consumption and growth can lead policy makers to provide incentives to the rich to allow them to save and invest more and to reduce “social” spending, such as that on health and primary education, which directly benefits the poor; such incentives could lead individuals to oppose redistributive policies (which would require them to pay more taxes and cut down their consumption) and policies that improve the position of workers (which would require higher production costs and, therefore, higher prices for consumer goods). It is possible that higher consumption spending can raise aggregate demand and employment, and thereby increase wages and income equality, but it is also possible that this may be checked by labor-saving innovations; in any case, directly redistributive policies are

more likely to raise aggregate demand because of the lower saving propensities of the poor. Regarding the environment, much has been written about the adverse effect of consumption on pollution and natural resource use. It is possible, as some argue, that growth can lead to a cleaner environment. For example, the literature on the environmental Kuznets Curve posits that environmental indicators improve with per capita income after an initial phase of worsening. However, such improvements require effort and resources that are unlikely to be allocated to pollution control under a growth- and consumption-oriented ethic; and given the uncertainty about the effects of growth on different interacting elements of the environment, and that there is no improvement for some major indicators of environmental problems, such as global warming, the emphasis on more is better can be hazardous and ultimately self-limiting.

The recognition of these problems suggests the need for an alternative development ethic that does not promote the single-minded pursuit of consumption and that stresses other objectives, such as equity and environmental conservation. The purpose of this chapter is to examine how religion—in this case, Hinduism—can provide a basis for the development of such alternatives. In so doing it follows the lead of Denis Goulet, a pioneer in the field of development ethics. Goulet was strongly critical of an ethic that focuses only on material growth. While accepting that a certain amount of material goods—for food, housing, medicine, and security—is desirable because it contributes something essential to human well-being, and that “there is no care for the soul when the body perishes” (Goulet 2006, 34), he argued against ever-increasing consumption of material goods and consumerism, where the focus is on “having” and not “being.” Goulet argued that religious traditions can have a major role in developing an alternative ethics because of the strong hold such traditions have on the people of many societies (Goulet 2005).

The rest of this chapter proceeds as follows. The next section provides a brief discussion of the basic tenets of Hinduism, by way of background. The following section takes up the question of “more is better” directly, focusing on the problem of increasing consumption without increases in happiness. The next three sections examine issues relating to poverty and economic and social inequality—focusing, in turn, on poverty and inequality, caste, and gender—and the subsequent section discusses environmental issues. The penultimate section examines some possible objections to drawing on religious traditions as a basis for development ethics, and the final section offers some concluding thoughts.

## Basic Tenets of Hinduism

It is difficult to define Hinduism precisely. Hinduism does not have a prophet whose ideas are definitive; it does not have a holy book with the status of the Bible or the Quran. It has no organization that can make definitive statements about Hindu doctrine and practice. In fact, it is not even clear in what sense Hinduism is a religion.

The basic philosophy of Hinduism is difficult to summarize, but the following are often taken as its core components.<sup>2</sup>

First, the individual soul, or *atman*, is indestructible—never created or destroyed; it is one with the universal soul, or *Brahman*, the essence of all that there is—sometimes called the unproduced producer of all existence. Second, according to the process of rebirth and the doctrine of *karma*, the soul passes from body to body through rebirth. The bodies can be human or nonhuman. Actions in one life, or *karma*, determine the stage in which the soul is found in the next life. Third, progress from one life to another requires relinquishing desires, especially worldly ones, humility and detachment, and the understanding that there is no separate self distinct from *Brahman*. The full realization of the true nature of the self—that is, its oneness with *Brahman*—leads to liberation from this cycle, or *moksha*.

Fourth, there are many ways of making progress toward liberation. Generally speaking, it requires the following of *dharma*, the highest virtue, sometimes interpreted as duty, right conduct, or truth. But people can follow different paths depending on their personalities and positions in society. Those taking the worldly path of desire (*pravritti marga*) are prescribed to undertake meritorious deeds, which help them to be unselfish through prayer aimed at the gods, one's ancestors, the priests, other people (especially those in distress), and even animals. The four stages of life, or *ashramas*—of *brahmacharya* (celibate student), *garhasthya* (householder), *vanaprastha* (retired life in the forest), and *sannyasa* (renunciation)—prescribe different duties at different stages of one's life, as does the *varna* system (to which I will return below). Even for those in relatively advanced stages of spiritual growth—that is, those following the path of renunciation (or the *nivritti marga*)—there are different ways or methods, or *margas* or *yogas*, depending on the personalities and proclivities of different people. These are *raja-yoga* (a sequenced course of physical and mental exercises), *jnana-yoga* (the path of knowledge, based on learning and thought), *bhakti-yoga* (the path of divine worship), and *karma-yoga* (the path of good works without attachment and selfishness and following *dharma* or the right rules governing society, including work to help the poor). The *yogas*, which are complementary to each other, seek to bring about unity of the self with the *Brahman* and involve actions that should have no concern for the fruits of such actions.

There are many influential philosophies within Hinduism, and the above list is an amalgam of these. Different approaches stress different aspects of Hinduism, and some may in fact completely reject one of the above principles. These philosophies include *Samkhya* (which divides the cosmos into different elements and posits a dualism between matter, or *prakriti*, and self, or *purusa*), *Yoga* (which assumes the metaphysics of the *Samkhya* but focuses on Patanjali's system of grammar), *Vaisesika* (the metaphysical atomist school), *Nyaya* (the school of logic), *Mīmāṃsā* (the tradition of vedic

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<sup>2</sup> For a useful and concise scholarly summary, see Flood (1996). For a clear but specific interpretation by a monk-scholar, see Nirvedananda (1969).

exegesis assuming the reality of the many), *Vedanta* (including the *dvaita* and *advaita*, which developed from the *Upanishads* and argues for the reality of the one and denies the reality of the many), and even the *Carvaka*, or materialist school. There are also different traditions in terms of divine worship, including the *saiva*, the *sakta*, and the *vaisnava* (focusing on Siva, Sakti, and Vishnu, respectively).

Hindu holy books, or *shastras*, are classified into the *sruti* (what is heard) and *smriti* (what is remembered). The *sruti* is often considered to be divine revelation, and books of this sort include the *Vedas*, the *Brahmanas*, and the *Upanishads*. The *smriti*s are generally attributed to human writers and include codes or manuals on life and ethics, such as Manu's *Manusmriti* and Yajnavalkya's *Yajnavalkyasmriti*. The most influential texts aside from the *Vedas* are the *Bhagavat-gita* and the major *Upanishads*, but these are mostly studied by those following *jnana-yoga*. There is no accepted interpretation of these texts, and some major philosophers of the past and more recent times have interpreted passages in widely different ways and, in fact, rejected some of the basic ideas contained in them. They are seen more often as starting points for discussion and thought.

Beyond these philosophical tenets, which are arguably of limited relevance for the masses, Hinduism can be viewed in terms of the rituals and practices of Hindus, which include the worship of a variety of different gods and goddesses, going on pilgrimages, and the observance of numerous rites (see Flood 1996, chap. 9). The views and actions of major personalities have had a great deal of influence and are also worth careful examination. The absence of clear textual authority makes their roles very important. Among the most relevant recent figures are Sri Ramakrishna, Swami Vivekananda, and Mahatma Gandhi. It should be noted that many lesser-known figures have also influenced numerous Hindus; in many cases such figures are formally declared to be religious guides or teachers called *gurus*, through whom many of the philosophical tenets of Hinduism have permeated the masses.

This brief account of Hinduism is not intended to be a definitive introduction but rather a summary of comments about some interpretations of a vast set of beliefs and practices that will serve as background information for the discussion that follows. But even for this purpose it is too brief, in that it ignores important changes that took place not only in texts in different periods of history—such as the Brahminic period ranging from the *Vedas* to the *Brahmanas*, the Upanishadic period, and the Buddhist period (Buddhist texts had many elements in common with the tenets of Hinduism), which was followed by the period of the *Bhagavad Gita*, the *Mahabharata*, and the *Dharmashastras*, such as the *Manusmriti*—but also in practices and in the interaction between texts, practices, and interpretations. Some aspects of these changes will be taken into consideration below.

## Consumption

Traditional Hinduism is associated with the idea that the real path to self-realization is through scriptural studies, austere practices, and the renunciation of the world. This asceticism is clearly associated with consuming as little as possible and having few or no possessions. The Hindu monk usually leads an ascetic life, giving up almost all worldly possessions. Mahatma Gandhi lived in society with few possessions beyond his loincloth, sandals, spectacles, and walking stick. While Hinduism does teach detachment from material goods and from people, it does not necessarily demand that one should live a life of renunciation. Indeed, Hinduism accepts four valid goals of life (*purusarthas*): leading a moral life (*dharma*); earning an income (*artha*); enjoying the pleasure of the senses (*kama*); and seeking liberation (*moksha*). As noted earlier, it suggests that there are four *ashramas* in life, in the first two of which people do not renounce worldly pleasures and positions. In the first one learns the principles of morality and vocation (as a *brahmachari*), and in the second, as a householder (*grihastha*), one earns income and enjoys sensuous pleasures. It is only in the last two *ashramas* that one rejects material goods—as a hermit (*vanaprastha*), leading a virtuous and pious life, and as a renunciant (*sannyasi*). Many Hindus believe that renunciation is not necessary to attain *moksha* and that one can lead a virtuous and pious life within society. Even Ramana Maharshi (1879–1950), who led an austere life, dismissed all of the austere trappings of traditional Hinduism as essentially insignificant.

Nevertheless, several features of Hinduism lead to downgrading the importance of material possessions and high levels of consumption. For the *yogi*, progress to higher stages of life in the process of rebirth requires the conquest of worldly desires and detachment from the fruits of one's actions. The material world is seen as *maya*, or an illusion, the only true reality being *Brahman*. Even those taking the worldly path of desire, or *pravritti marga*, are required to follow unselfish lives and help others. The pursuit of these “higher” goals, which brings about true happiness, or *ananda*, is not compatible with a consumption-oriented lifestyle. Perhaps an explanation of why so many consumers are not happier even as they consume more and more is that by doing so they are diverted from attaining such true happiness—which is what they truly seek, although perhaps without knowing it.

Furthermore, it can be argued that with its stress on the importance of self-improvement through principles and practices that will lead to a better rebirth or even to *moksha* (or release from rebirth or *samsara*), Hinduism provides a way out of the cycle of ever-increasing consumption, which does not increase happiness, even in the reckoning of the consumer. Several reasons have been given to explain the puzzling phenomenon of why consumption seems to be increasing without appreciable increases in self-reported happiness. One plausible explanation is rooted in the idea that the happiness that a consumer obtains from consumption depends not just on the absolute level of consumption but also on his or her consumption relative to that of others (especially to those in his or her “reference group”); in addition, the importance

of relative consumption to happiness grows as consumption increases. If consumption levels increase for all—and, therefore, relative consumption does not increase—then increases in absolute consumption will have only a small effect on happiness. Although relative consumption may be an important determinant of happiness for a variety of reasons—including network externalities and informational reasons, as stressed by Veblen (1899/1994)—the desire for status may be the most important, reflecting competition between people to show who is richer and therefore can afford to consume more (see Dutt 2001). Thus, the competitive nature of human beings leads them to consume more and more, but when everyone can and does consume more, no one is better off (see Frank 1999). If we take this competitive nature to be a given, a way out of this everincreasing drive to consume more could be narrowing the sphere of competition; such a narrowing could be achieved by ultimately “competing with oneself” by being the best person that one can be. Hinduism (like several other religions), through the importance it gives to improving oneself and seeking greater self-awareness, can provide an aid to such a narrowing and consequent withdrawal from competitive consumption. In addition to these direct implications, Hinduism has indirect implications for the ethics of consumption and “more is better” based on its views on inequality, poverty, and the environment, to which we now turn.

## Poverty and Inequality

Hinduism has sometimes been seen as being apathetic to the problem of poverty and social injustice. It has been interpreted as being concerned with the spiritual salvation of the individual and of having no concern for the material well-being of the poor. Worse still, the doctrine of *karma* can be viewed as implying that the poor and the unfortunate find themselves in their positions as a result of their actions in their past lives; therefore, they deserve their misfortune. The Scottish missionary John McKenzie illustrated widely shared views when he wrote that the doctrine “does nothing to solve the inequalities of human fortunes ... and provides a justification of the seeming injustices of life” (1922, 229–30). These notions are often ingrained in the minds of the poor. Kusum Nair (1961), in examining why the government’s land reform initiative to redistribute land was faring poorly in some of the Indian states, came up with a general conclusion based on her field research: the cause was the peasants’ strong belief in the *karma* doctrine. The poor peasants frequently believed that their unfortunate social situation was the consequence of their deeds in past lives, and that a policy-induced change in their condition would interfere with them getting what they deserved. They often told Nair that “in our next lives, if we are good in this one, perhaps we will be landowners. As for this one? It must be as God wills” (qtd. in Gottlieb 2002, 54).

Other interpretations, however, posit that the basic Hindu idea that all people are bound together in one spirit, the *Brahman*, has been interpreted to mean that Hinduism leads to caring for others. More specifically, there are many aspects of *pravritti*

*marga*, and of *bhakti-yoga* and *karma-yoga*, that imply caring for the poor. Charity for the underprivileged, worship of the poor as *daridra narayana* (the poor God) through charity, and feeding of the poor are important elements of Hindu social ethics and rituals. In this interpretation, the doctrine of *karma* may be seen as an explanation of the seeming anomaly of why people who practice *dharma* fail to lead happy lives, but it does not justify injustice; on the contrary, the doctrine has the result of reducing injustice because *dharma* involves caring for others, especially the poor and unfortunate.

Although these ideas have a very long tradition, and are reflected in numerous texts and practices, in modern Hinduism they have been stressed by Swami Vivekananda, who stated that for him the highest form of worship was the worship of man, or *Nara narayana* (Vivekananda 1989, 3:391). Vivekananda advised his disciples to open a relief center, which would help the poor and the diseased, rather than to study and reflect on the Hindu scriptures. He stated, “There is no greater *dharma* than this service of living beings ... [I]t occurs to me that even if a thousand births have to be taken in order to relieve the sorrows of the world, surely I will take them. If by my doing that, even if a single soul may have a little bit of his grief relieved, why, I will do it” (Vivekananda 1989, 6:502). In a letter to one of his disciples he writes:

Kindness and love can buy you the whole world; lectures and books and philosophy all stand lower than these. Please write to Shashi to open a works department ... for the service of the poor ... Curtail the expenses of worship to a rupee or two ... The children of the Lord are dying of starvation ... Worship with water and *tulsi* leaves alone, and let the allowance for his *bhoga* [food offerings] be spent in offering food to the Living God who dwells in the persons of the poor—then will His grace descend on everything. (1989, 6:404)

## The Caste System

The Brahminic tradition in Hinduism has sometimes been seen as notoriously hierarchical and giving little attention to justice for the poor, and the caste system is often viewed as the social institution that embodies this hierarchy. There has been a great deal of analysis of how the caste system creates, perpetuates, and exacerbates social and economic inequality and how it reduces economic efficiency as well. For instance, it is seen as creating competition between the upper castes and the lower castes. With the elitist upper castes being politically more powerful, they are able to divert scarce resources, such as those on education, toward themselves. It has been argued that this has resulted in a much larger proportion of educational expenditure being devoted to higher education (which primarily benefits the upper castes), rather than primary education, than is socially beneficial and has been allocated in other parts of the world, such as in East Asia (Sen 1990). The caste system can also be seen as denigrating the dignity of work because manual work is performed by the “lower”

castes, the *sudras*. Early on, the *Vedas* seem to condone inequality by distinguishing between the light-skinned *arya* (or nobility)—who were warriors of high wealth and status, performed vedic rites, and controlled the sacred language—and the *dasa* (enslaved ones) or *mlechchha* (those who speak indistinctly), who were vanquished by the gods (see Patton 2003, 382–85). The fourfold division of society into the *brahmin*, *kshatriya*, *vaisya*, and *sudra*, or the *varna* system, is also very old, and clear references to it are found in the major texts. In the *Purusa Sukta* (the hymn of man), in the *Rig Veda*, it is said that in the sacrifice of the Cosmic Person in which everything was offered and from which the *Vedas* were born, “When they divided Purusa [the Man] ... The *brahmin* was his mouth, of both his arms was the *rajanya* [*kshatriya*] made, His thighs became the *vaisya*, from his feet the *sudra* was produced (*Rig Veda* 2004, book 10, verse 90). Except for this hymn, however, and references to *aryas* and *dasas* in the *Vedas*, there appears to be no evidence of class distinctions (Salgado 1987). In the *Bhagavadgita* (1970, chap. 4, verse 13), Krishna says that “The fourfold order was created by Me according to the divisions of quality and work.” Again, in chapter 18, verse 41, Krishna says “Of *brahmin*, of *kshatriyas*, and *vaisyas*, as also of *sudras*, O Conqueror of the foe (Arjuna), the activities are distinguished, in accordance with the qualities born of their nature.” The *Gita* also states that serenity, self-restraint, austerity, forgiveness, knowledge, and worship of God are the duties of the *brahmin*; bravery, generosity, and lordliness are duties of *kshatriyas*, agriculture and trade those of the *vaisyas*, and service that of the *sudras*: “Devoted each to his own duty man attains perfection” (chap. 18, verses 42–45). Elsewhere it is explained that the *brahmins* are the highest caste, and their status cannot be obtained by unclean souls; however, other castes, through *karma*, can belong to higher castes. The *Brahmasutras* state that the *sudras* are not allowed to study the *Vedas*, and consequently not entitled to the knowledge of the *Brahman*. Even if the *Vedas* did not imply a hierarchy but only a division, the *Gita* clearly introduces a hierarchy.

In later years the *varna* system gave way to the *jati* system, with innumerable castes and subcastes; the system became hereditary and highly stratified, although there was some amount of flexibility because of the development of subcastes and mixed marriages, and it was not completely unknown for people to change castes (Sheth 1987, 38–42; Patton 2003, 190–94). The system became increasingly rigid over the centuries and led to all kinds of economic and social oppression of the lower castes, and those who were “untouchable” or outside the caste system, by the upper castes. Even in modern India, Dr. B. R. Ambedkar, one of the principal authors of India’s constitution, renounced Hinduism and converted to Buddhism because of his view that Hinduism could not provide *Dalits* (or outcastes, of which he was one) with sufficient dignity.

Modern views of the caste system can be summarized as follows: First, the *varna* system had many advantages—some even call it “perfect.” The main benefit is that it maintains social order and hierarchy and thus reduces conflict in society. Another alleged advantage is that successive waves of immigrants found a place in Hindu soci-



ety without losing their identity. In addition, during periods of social upheaval, Hindu society found stability in the caste system—people could live their lives under it irrespective of political turmoil in connection with ruling dynasties. It has been argued that the caste system governed by the rule of *dharma* is based on the value of social order, not necessarily of hierarchy (Sheth 1987). Caste divisions—by giving some people the responsibility of scavenging, and by partitioning the use of natural resources according to specific occupations—has been promoted as being beneficial for the environment (Dwivedi 1996, 152–53).

Second, the early texts did not imply rigid differentiation or hierarchy but instead used the notion of caste to illustrate different paths for people in different situations. Since the texts did not require everyone to attain self-realization in the same way—as reflected, for instance, in the various *ashramas* and philosophical systems—they suggested different duties for people in different walks of life. They did not intend to create hierarchical and rigid social divisions. The *Purusa Sukta*, by viewing the four *varna* as emerging from different limbs of the same cosmic person, can in fact be understood as describing the division of functions rather than a hierarchical division. In the *Katha Upanishad* it is said that the failure to see the oneness of all existence and the universality of all souls leads to reincarnation rather than freedom (Salgado 1987).

Third, the system became debased by its evolution into one based on heredity rather than the performance of individuals and their duty; in this conception, there was a strict hierarchy in which the upper castes were superior to the lower castes and outcastes. Some argue that the caste system in its halcyon days was not based only on heredity and did not imply a strict hierarchy with some castes being superior to others—although this idealization is controversial. These interpretations can be bolstered by the fact that what are functional divisions in the *Vedas* and the *Upanishads* became rigid and hierarchical divisions in later times, especially with the development of the *jati* system in the Brahminic tradition (Sheth 1987). The trend toward greater hierarchy and rigidity, moreover, was not linear. The non-Brahminic tradition, especially the Jain and Buddhist traditions, while not rejecting *dharma* and *karma* as central concepts or even the functional division of labor in society, sought to establish religious equality by downplaying rituals and emphasizing spiritual enlightenment. This arguably not only had an impact on society but also on Hindu texts, which shifted their emphasis from ritual, as in the *Vedas*, to spiritual enlightenment, as in the *Gita*, which stresses equality. Thus, according to the *Gita*, “Sages see with an equal eye, a learned and humble Brahmin, a cow, an elephant or even a dog or an outcaste. Even here (on earth) the created (world) is overcome by those whose mind is established in equality. God is flawless and the same in all” (chap. 5, verses 18–19). Moreover, the lord Krishna says, “for those who take refuge in Me ... though they are lowly born, women, *vaisyas* as well as *sudras*, they also attain to the highest goal” (chap. 9, verse 32).

Fourth, the system was used (or in stronger versions, developed) by the upper castes (such as the *brahmins*), who were authors of the texts, to ensure their own survival by oppressing the other castes, especially the castes that engage in production and services and served them. There are also frequent injunctions in the texts directing members of other castes to provide charity toward *brahmins*.

Modern Indian philosophers appear to have an ambivalent attitude about the caste system, as implied by the views just enumerated. Radhakrishnan (1927, 1939), the doyen of twentieth-century Indian philosophers, argued that the caste system—although he referred to it as a class system—was a great achievement of the Hindu genius that tended to weave together discordant beliefs, sheltered most of the indigenous populations of India, and allowed a stabilizing division of labor. However, he recognized that over time it “degenerated into an instrument of oppression and intolerance” (1927, 382) that tended “to perpetuate inequality and develop the spirit of oppression and intolerance” (1927, 93) because of its increasingly rigid hereditary nature. Radhakrishnan (1939) argues that the notion that people could move between castes, depending on their deeds in previous lives, made the system “democratic.” He later becomes a bitter critic of the traditional caste system, however, and recommended its removal because of its “humiliation of the lower castes” and its prevention of “the development of homogeneity among Hindus” (1948, 132–33).

A central feature of Gandhi’s social philosophy was his opposition to the caste system and, more specifically, his denunciation of untouchability. He named outcastes—who were not to be touched according to the tenets of the traditional caste system—*harijans*, or the children of god. Gandhi, however, has sometimes been criticized as an apologist for the caste system. In support of this it is pointed out that in 1932 Gandhi fasted in opposition to a proposed policy of the British government in India that would give outcastes separate electorates. Gandhi was quite clear about the reason for his opposition, however—that separate electorates would divide the Hindu community without improving the position of the outcastes (Nanda 1985, 20). There is no question that Gandhi made a frontal attack on the problem of untouchability through his writings, speeches, and actions, although some of his writings suggest that he had a romantic image of what he thought of as the original form of the caste system, which he believed served as a cushion against external pressures during turbulent periods. Gandhi’s views about the caste system changed over time, however (Nanda 1985, 25–26). For example, in 1920 he wrote that “I consider the four divisions alone to be fundamental, natural and essential. The innumerable sub-castes are sometimes a convenience, often a hindrance. The sooner there is fusion, the better” (*Young India*, December 8, qtd. in Gandhi 1960–84, 22:67). In 1935 he wrote that “the *varnashrama* of the *shastras* is today non-existent in practice. The present caste system is the very antithesis of *varnashrama*. The sooner public opinion abolishes it the better” (*Harijan*, November 16, qtd. in Gandhi 1960–84, 68:152). In this same piece about the caste system he wrote,

I believe in varnashrama of the Vedas which in my opinion is based on absolute equality of status, notwithstanding passages to the contrary in the smritis and elsewhere. Every word of the printed works passing muster as shastras is not, in my opinion, a revelation ... Nothing in the shastras which is manifestly contrary to universal truths and morals can stand. Nothing in the shastras which is capable of being reasoned can stand if it is in conflict with reason. (Gandhi 1960–84, 68:152)

Gandhi therefore seems quite willing to reject the *shastras* if they appear to support the caste system's ills (Mukherjee 1993, 222).

In sum, modern Hindu philosophers and reformers like Gandhi and Radhakrishnan betray a degree of nostalgia for the caste system but denounce its modern form. Moreover, they reflect a struggle to escape from its traditional roots and criticize its oppressive social consequences. Ultimately, they appear to reject it.

## Gender Issues

The position of women in Hindu society has generally been considered to be subordinate to that of men. Narasimhan writes that “whatever the prevailing ethos, the apotheosis of traditional Hindu womanhood was the concept of *pativrata* which called for total subordination in the service of the supreme deity in the form of her husband” (1990, 32). The extreme manifestation of this view is the practice of widow-burning, or *sati*, which was prevalent in many parts of India as recently as two hundred years ago; it was around this time that Ram Mohan Roy started a reform movement against it on the grounds that it was institutionalized violence against women. However, matters of gender equality are not so simple within Hindu society.

There are indeed many textual references in support of the view of the low status of women in Hindu society and the manner in which they are viewed. In the *Vedas* women are allowed to perform sacrifices but usually as a companion or representative of her husband (Salgado 1987). In later hymns there are statements such as “Indra himself hath said, the mind of a woman, brooks not of discipline”; “her intellect hath little weight”; and “with woman there can be no lasting friendship: hearts of hyenas are the hearts of women” (qtd. in Salgado 1987, 55). It is stated in the *Ramayana*, in the *Aranyakanda*, that “women are like this everywhere in the world. They are unrighteous and fickle and they breed mischief” (canto 45; Valmiki 1996, 247). “Woman, the *sudra*, the dog, and the black bird (the crow), are untruth,” states the *Satapatha Brahmana* (1900, 441; 14.1.1.31), which adds that women are “fickle-minded and falsehood incarnate.” According to the *Manusmriti*, “A wife is not freed from her husband by sale or rejection” (Manu 1991, 202, chap. 9, 46), although the husband can discard the wife at any moment if she is disagreeable to him.

Hindu society has not treated women well, although recent changes in India's laws and their interpretation have begun to address these problems. The Hindu Marriage Act of 1955 gave women the rights of divorce and of remarriage, which men had long

enjoyed, and 1955 and 1956 reforms outlawed polygamy by men. Some conservative Hindu members of Parliament claimed that these measures were intended to “wound the religious feelings of the Hindus” and were “against the fundamental principles of Hinduism” (Nussbaum 1999, 83). In the case of Sareetha, who sought the freedom to work as an actress, Judge Chowdhury referred to “our Hindu culture,” in which women are not the social equals of men, to explain why the official remedy of neutral “restitution of conjugal rights” under the Hindu Marriage Act was a source of sexual oppression and brutalization of women in the hands of men (Nussbaum 1999, 17). Despite the fact that *sati* is illegal under Indian law as a form of suicide, the use of beatings, threats, and even murder in order to extract money from the women’s family before or after the death of a husband are not unknown. A new law after the famous Roop Kanwar case of 1987 criminalized speech “glorifying” and “eulogizing” *sati* and holding ceremonies in connection with it (Nussbaum 1999, 89). Laws in India have been directed at dowry crimes as well.

There are other aspects of Hinduism, however, that imply a much higher position for women. First, there are many female gods in the Hindu pantheon, including *Devi* and *Shakti* (see Kinsley 1986). The goddess *Durga* is portrayed as the destroyer of evil who engages the demon *mahisasura* in armed combat and destroys him. *Kali* is portrayed standing on her husband, *Siva*, and is worshipped even by bandits and thugs, a notion popularized in Western books and films. Second, women like Visvavara, Maitreyi, Gargi, and Ghosha were revered as eminent philosophers and scholars in ancient times, and some of their verses were in fact incorporated into the *Vedas*. It is, however, unclear how exceptional these cases—and other instances of eminent women mentioned in ancient chronicles—were (much like the coexistence of bride burning and other crimes against women and a woman prime minister, Indira Gandhi, in modern India) and how long women like them enjoyed their exalted position. There is, in fact, a common consensus that the position of women declined steadily from about 1000 BC. Third, regarding *sati*, Narasimhan (1990) does a careful review of the Hindu texts and finds that in the Vedic texts, though funeral procedures are described in detail, there is no mention of widow immolation. Indeed, she finds no mention of *sati* in the *Brahmana* literature—the *srutis* as well as the *smritis*—until around 700 AD. It is only then that one finds various mentions in the texts, although not always in favor of it, and the practice became more widespread, especially among the *kshatriyas*.

## Environmental Issues

The Hindu tradition is sometimes seen as world-denying and world renouncing, and taken to view the material world, or *prakriti*, as an illusion, or *maya*. This has at times been taken to imply that the tradition has no interest in environmental issues. However, there are many examples of aspects of Hindu thought and practice that are concerned

with ecological themes (see Chapple 1993; Chapple and Tucker 2000; Dwivedi 1996; Gosling 2001; and Kinsley 1995).

First, there are numerous examples—commencing with the *Vedas*—of natural forces and objects being deified or having a sacred character. In vedic hymns the deity *agni* is given great importance. Although in the simplest sense *agni* refers to fire, it is understood to be a powerful, dynamic, and fiery potential that precedes and pervades creation, and it is taken to be a destructive and purifying agent (see Kinsley 1995, 55–57). Second, and more generally, all of reality and all of nature is viewed as being sacred and the universe is seen as a living being. In some of the vedic creation myths, the universe is described as being created from a golden embryo or golden egg, *hiranyagarbha*, and is a unified, living being.

Third, the land is thought of as sacred. The earth is referred to in Hindu scriptures as the great goddess *Prithivi*, who is stable, unmoving, dependable, patient, and the one who bears and nourishes all creatures. The country is referred to as *Bharat mata*, or mother India, and worshipped in temples. Many holy places are identified with parts of goddess *sati*'s body and hence sacred, because of the legend in which her body parts fell at various places as her corpse was dismembered. Rivers, such as the Ganga, are treated as gods and goddesses. Fourth, at the village level there are local deities (usually female), suggesting a religious relation between people and the local landscape.

Fifth, some Hindu beliefs and practices have implications for the treatment of animals and, hence, biodiversity. Regarding reincarnation, Hindus believe that animals have souls; in fact animals, through proper *karma*, can become humans, and humans can become animals as well. This is taken to imply that animals must be treated well. God is sometimes pictured in the form of an animal: for instance, some of Vishnu's incarnations take nonhuman forms, such as the fish, the tortoise, the boar, and the man-lion. A high premium is placed on nonviolence, or *ahimsa*, which leads to the practice of minimum violence not only to humans but also to one's environment, including animals. The *Vishnu-purana* (3.8.15) states that "God, Kesava, is pleased with a person who does not harm or destroy other non-speaking creature or animals" (qtd. in Dwivedi 2006, 163). The *Yajnavalkyasmṛiti* (*Acaradhyayah*, verse 180) states that "The wicked person who kills animals which are protected has to live in hell-fire for the days equal to the number of hairs on the body of that animal" (qtd. in Dwivedi 1996, 156). Many, though not all, Hindus are vegetarians. The cow is revered by most Hindus, and cowslaughter and the eating of cows is not condoned by many Hindus. Mahatma Gandhi focused on the nonviolent aspect of Hindu doctrine in his own life and work. Some of these ideas of nonviolence have been adopted by Jainism and Buddhism, which in many senses evolved from Hinduism as reform movements that rejected its Brahminical excesses.

Sixth, Hindu beliefs about trees also lead to the protection of the environment. The *Rigveda* regarded plants as having divine powers, with hymns devoted to their praise, especially their healing powers. In the epic and *purana* period, trees were regarded as

animate and capable of feeling happiness and sorrow. It is believed by many Hindus that every tree has a *vriksa-devata*, or tree deity. Hindu texts, such as Kautilya's *Arthashastra*, prescribed various penalties for cutting trees and branches (see Dwivedi 1996, 150–51). Seventh, the basic Hindu idea about the *atman* and *Brahman*, and especially *advaita* philosophy, stresses the essential unity between the human organism and the wider world, and in fact considers the idea of separate, ego-centered individuals as springing from illusion, or *maya*. This unity could be understood as leading to a view of the self as part of the broader environment and, hence, greater appreciation of the environment. Moreover, as discussed earlier, the negation of ego-centered individuality leads to less interest in consumption and the enjoyment of worldly pleasures, which likewise can be interpreted as encouraging conservation of the environment.

India, of course, is steeped with environmental problems. A visitor to India will realize that the country, and even most holy places, especially in northern India, is not as clean as one would like. Such problems are primarily due to poverty and high population density, but economic growth and the resultant pollution are also contributing factors (see Dutt and Rao 1996). Clearly, Hindu ideas have not been able to prevent the environmental damage that has followed. Moreover, some of the environmentalist interpretations of the texts are not unambiguous (see Chapple and Tucker 2000), although Hindu ideas have affected recent environmentalist movements. The Bishnois of Rajasthan, a Hindu sect founded by Guru Jambaji in the fifteenth century, stressed the protection of trees and animal life for the survival of local communities. Members of this community opposed the cutting of trees by hugging them when the local king wanted the land cleared for the construction of a new palace. By sacrificing almost four hundred lives in the resultant massacre, they made the king stop the land-clearing operation. This became the inspiration for the Chipko movement of 1973, when village women hugged trees in the town of Gopeshwar, in the Chamoli district of Uttar Pradesh, when they were being cut down for a nearby sports equipment manufacturing factory. The Chipko movement has spread around India and has clear roots in Hindu beliefs (see Chapple 1993, 120–21; Dwivedi 1996, 153–54; James 2000). The women involved believe that each tree has a *vriksha-devata* (or tree god); is an abode of the almighty god *Hari*; and their family welfare will be protected by the *vanadevi* (the goddess of forests).

## Some Cautionary Remarks

From the discussion so far it can be argued that Hindu philosophy, doctrine, and practice contain ideas that can provide a basis for a development ethic that departs from the dominant consumption-oriented, more-is-better approach, and one that, while not against increases in material well-being, emphasizes socioeconomic equality and justice and environmental sustainability. Thus, Hinduism provides a good example of how alternative development ethics can be based on religious traditions. There is,

however, room for doubt regarding this conclusion, and this section raises and discusses two objections to it.

First, while one can draw on Hindu tradition to develop suitable alternative ethics, it is not difficult to find in Hindu doctrine and practice a number of unsavory ideas. In particular, as we have seen, one may find in it justifications for socioeconomic inequality, especially along caste and gender lines. One could argue that such ideas are exceptional aberrations in an overall positive central tendency, and there is much textual support for this view. But it still leaves open the possibility that some could selectively focus on the exception and call it the rule. However, given that Hinduism does not prescribe a rigid set of beliefs and rules of behavior—and indeed there are various philosophical and practical approaches to Hinduism—one can choose to follow those views deemed appropriate and reject others. Indeed, Hinduism, with its many approaches and ideas, requires such selectivity; selectivity of this sort has been preached and practiced by some of the most widely respected Hindu leaders, including Swami Vivekananda and Mahatma Gandhi, who have rejected many traditional elements of Hinduism, including the caste system. This is also consistent with Goulet's (1980) support for an enlightened and critical borrowing of these traditions, such as that espoused by Mahatma Gandhi, rather than a fundamentalist one.

Second, writers such as Harris (2004) and Dawkins (2006) have argued against religions because they have played a strongly divisive role in society, frequently leading to widespread violence. The polemic of these critics is mostly against Christianity and Islam, but other religions, including Hinduism, are also criticized. Moreover, religious fundamentalism in several parts of the world continues to promote exclusionary politics and violence. Huntington (1996) has argued that conflict in the coming years will take the form of the clash of civilizations. Although Huntington defines "civilizations" as providing the broadest identifications of people (short of their shared humanity) and the broadest cultural entity, he identifies several of them with religions, including the Hindu, Islamic, and the Orthodox,<sup>3</sup> and argues that religion is "a central defining characteristic of civilizations" (Huntington 1996, 47). Is there a danger that basing development in religious traditions will be divisive, result in violence, and even fan the flames of civilization conflict? And will this not result in a vicious cycle of underdevelopment, as civil conflict has in many parts of the world?

The critics argue that religious faith contains a great deal of dogma that is false or at least not supported by scientific evidence. They also catalogue the terrible consequences of religious faith in the form of bigotry, persecution, violent conflict, and genocide. While they occasionally admit that much that is good has also been inspired by faith—for instance, acts of charity to help the poor and exploited—they argue that these acts do not require faith and question the value of good acts based on incorrect or questionable beliefs. Critics admit that while much savagery in history seems to have

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<sup>3</sup> In his article, "The Clash of Civilizations," Huntington (1993) identified a Confucian civilization, but in the book he changed this name to the Sinic civilization.

secular roots, they argue that these events—such as the Holocaust and communist purges—fundamentally involve some kind of religious faith.

There is no doubt that strife motivated by religious differences has caused a great deal of harm in the past and continues to do so today. It would take us too far afield to examine the call for the end of faith in detail, but it is worth pointing out here that it is problematic for a number of reasons. First, it is not clear that critics of faith are on firm ground when they argue that more bad than good has resulted from religious faith. Although terrible events like the Inquisition have been caused by religious faith, it is also possible that a great deal of good has been motivated by faith; these more beneficial events have not attracted attention from historians because they have not been “newsworthy.” Second, if religion has bad effects, it is not clear to what alternative it is being compared. Since religion has been a powerful force throughout history, it is difficult to find other comparable concepts. Given the decline in the role of faith in the West, one could expect that violence would have fallen in recent years. There seems to be no evidence this is indeed the case, however, especially given the two world wars in the last century. Political ideology and rivalry have played major roles in causing violence; to attribute this ideologically motivated violence to religious faith is to make the concept of faith too broad to be of much use. Third, it is difficult to argue that some things were caused by faith and other things were not. Many events are the result of multiple causes, and although religious beliefs may have a role to play in some of them, it is not at all clear that they are the main, or even a major, cause. Thus, civil wars that seem to be fought along religious lines may be based on economic or political motives, such as land scarcity or water scarcity, or the ambitions of political leaders, rather than religious faith. Amartya Sen (2006) has rightly taken Huntington to task for ignoring the fact that people have multiple coexisting identities and characterizing civilizations in a simplistic manner by understanding people of a civilization to have a single religious identity. Fourth, in understanding how the world functions—for instance, in order to guide our actions—there may be an epistemological need to start with some organizing principles to collect and to give meaning to empirical data. These organizing principles are not in themselves empirically testable because they are not hypotheses about how the world functions but rather simple ways of organizing thinking. Religious “faith” can provide such organizing principles for understanding and acting in the world. Of course, the degree of faith held by individuals varies. Some people may actually believe in all that religion tells them as the literal truth, including all its myths and symbols, while others can take these more figuratively. Finally, one cannot simply wish religious faith away. If it has had an important role in history, and if it inflames passions even today, it may be too deeply rooted in people to be discarded by fiat.

A more persuasive critique of faith-based ethics can follow from Sen’s notion of multiple identities. If people indeed have multiple identities, is there a danger of increasing the importance of people’s religious identities at the expense of others, and thereby exacerbating civilization conflicts? Such dangers are real and must not be overlooked.



In the case of Hinduism, there has indeed arisen a militant and nationalist brand of Hinduism, which some have called Hindu fundamentalism. This development has been associated with sectarian violence in India, the incidence of which has grown in recent times. Civil violence in Sri Lanka is sometimes seen as being based on religious beliefs—those of Tamil Hindus and Sinhalese Buddhists. Why, then, invoke religion and empower religious identities? Why not, as Sen (2006) suggests, recognize the role of multiple identities and foster their development to reduce the role of divisive religious identities?

First, although individuals have different identities, it does not follow that religious identities can be suppressed by others, that they cannot become dominant at certain junctures even without individuals consciously deciding to make it so (for instance, during civil violence), and that they do not have powerful interactions with other identities. The recognition of the relation between them, and the arguably powerful impact such identities have on human behavior, means that we cannot wish them away. The genie can escape from the lamp, whether we like it or not. Why not use the genie, molding it suitably, to provide a powerful basis for developing alternative ethics?

Second, there are possibilities of minimizing the risk of religion in fostering intolerance and conflict and, in fact, of using religion as the basis for tolerance and peace. The process by which one draws on religious traditions is important here. The dangers will be minimized if the ideas are first, appropriated by individuals rather than by institutions, especially the state; second, adopted selectively and critically rather than *en masse*; and third, representative of broader universal values, including respect and tolerance for other religious and secular traditions, rather than interpreted as exclusively sectarian ones. These three conditions are likely to reinforce each other, since a criterion for selectivity can be universality, and since individuals are more likely to be selective than institutions.

There is reason to argue that Hinduism admits of many ideas that individuals can draw on to satisfy the criteria of universality and tolerance and, additionally, promote nonviolence.<sup>4</sup> First, the notion that all existence is in reality the *Brahman*, and that the soul or *atman* of each individual is the same as this universal soul, can be said to promote the solidarity between individuals of all countries and cultures. Second, Hindu teaching regarding nonviolence, or *ahimsa*, promotes the resolution of conflicts without violence. The foremost advocate of nonviolence in modern times was Mahatma Gandhi, both in its negative form as “not injuring any living being, whether by body

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<sup>4</sup> Some Hindu castes, such as the *kshatriyas*, the warrior caste, were encouraged to resort to violence under certain circumstances. Hindu mythology and epic literature is saturated with wars, and in the *Bhagavat gita* Krishna tells Arjuna, the Pandava prince, to do his princely duty and wage war against his own kith and kin, the Kauravas and their allies, without being concerned with the results and fruits of his actions. In all interpretations I am aware of, Krishna is not really calling for war but rather for Arjuna to do what is right, without regard to its consequences, by aspiring to be detached from the material world. This does not, of course, mean that a more militant interpretation is not possible or may not be offered in the future to justify violence.

or mind,” and in its positive form as “the largest love, the greatest charity.” Gandhi’s ideas on nonviolence were directly influenced by his *vaishnava* upbringing. He believed nonviolence was the “root of Hinduism” (Mukherjee 1993, 101). Third, Hinduism does not have a uniform set of beliefs, and, therefore, it does not consider those who do not subscribe to these beliefs as nonbelieving enemies. Hinduism has not generally been interested in proselytization, or in spreading the religion in foreign lands by political and military means. Finally, Hinduism can be seen as generating a degree of tolerance and acceptance of other religions. Buddha is considered to be one of the *avatars* of Vishnu; some have even accepted Jesus Christ in this role. The nineteenth-century Hindu spiritual leader Sri Ramakrishna, in the course of his own religious education and experiences in different types of Hindu traditions, also worshipped as a Muslim in mosques in Calcutta, temporarily forsaking his home in Hindu temples, and revered Jesus.<sup>5</sup> Ramakrishna’s message was popularized around India and even abroad by his disciple, Swami Vivekananda, and the Ramakrishna Mission, which his followers established and which has garnered wide respect.

## Conclusion

This chapter has used the example of Hinduism to explore how, following Denis Goulet, one can construct a development ethics alternative to the mainstream one of focusing on the growth of material production. Hinduism does, in fact, provide a rich source for this purpose. There are major elements of Hinduism that one can draw on to limit the overemphasis on consumption, to stress equity for its own sake, to protect the environment for its own sake and not just to make economic growth sustainable, and to promote religious tolerance and peace. However, there are difficulties as well. One must be selective, as Goulet (1980, 2006) himself noted. One must also recognize the dangers of religious fundamentalism, but these dangers can again be avoided with selectivity. I end with two concluding comments.

First, religious traditions do not inoculate people against mainstream development ethics. There are many indications of the growth of consumer culture in India—witness the spread of shopping malls and the increasing use of consumer credit. The seduction of the globalization of consumer culture is strong indeed. The development of alterna-

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<sup>5</sup> It is reported that during his prayers as a Muslim he had a vision of a radiant figure, perhaps the Prophet Mohammed, who gently approached him and merged into him. He had a similar experience when he listened to readings from the Bible and meditating on a picture of the Madonna and Jesus, in which the picture seemed to take on life and the rays of light emanating from them entered his soul. A few days later, he saw coming toward him a serene person with large beautiful eyes and fair skin, and felt a voice within him say: “Behold the Christ, who shed His heart’s blood for the redemption of the world, who suffered a sea of anguish for the love of men. It is He, the Master Yogi, who is in eternal union with God. It is Jesus, Love Incarnate.” He then went into *Samadhi*, or an ecstatic state of communion with the *Brahman*. He regarded Jesus as a reincarnation of God although not the only one, the others being Buddha and Krishna (Gupta, 1981, 33–34).

tive ethics requires purposeful activity by ethicists and development practitioners as well as by everyone else concerned with development.

Second, religion is not the only place to look for appropriate development ethics. Indeed, Goulet (2006) argued that development scholars and practitioners should examine what people in developing societies, especially the poor who are not trapped by vested interests, want. According to Goulet, authentic development occurs only when people themselves decide what they mean by development. How can the opinions of people affected by development policies be taken into account, particularly with regard to the goals and meaning of development? Goulet stressed the importance of nonelite participation in development decision making. Thus, religious traditions can be one source of wider participation, but it cannot be the only one.<sup>6</sup> But it may be a major source in areas where religion exerts a powerful influence on the views and behavior of the masses.

## Notes

I am grateful to a referee and to Charles Wilber for helpful comments.

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<sup>6</sup> Another obvious source of an alternative ethics of development that questions the single-minded pursuit of the growth of production and consumption is concern for environmental sustainability. Speth (2008), drawing on empirical trends in environmental degradation and the results of happiness research discussed earlier in the text, provides a recent discussion from this perspective. It is interesting to note that while Speth's motivation is not based on religion, he recognizes that a "way forward to a new consciousness [about the environment] should lie in the world's religions. The potential of faith communities is enormous. About 85 percent of the world's people belong to one of ten thousand or so religions, and about two-thirds of the global population is Christian, Muslim or Hindu. Religion played key roles in ending slavery, in the civil rights movement, and in overcoming apartheid in South Africa, and they are now turning attention with increasing strength to the environment" (Speth 2008, 214–15).

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## 7. Goulet on Vulnerability as a Key Concept in Development Ethics

Luis Camacho

### Preamble: The Historical Setting

Vulnerability is a central notion in Denis Goulet's *The Cruel Choice* (1971), where he uses it as the key to an understanding of underdevelopment. This chapter tries to show that vulnerability is still a very powerful concept, not only for the analysis of the impact of socioeconomic processes on people but also in a more general way in the description of personal experience both in developed and developing countries. My method will be an exploration of the historical evolution of "vulnerability" as meaning susceptibility to harm and the connection of the *idea* with ethical notions proper—and solidarity in particular.

*The Cruel Choice* was Goulet's first postdoctoral publication in English on a subject to which he devoted the rest of his academic career, which he had already named "the ethics of development" in the title of his Ph.D. dissertation, published in Spanish in 1965 and in Portuguese in 1966. In the years since the publication of *The Cruel Choice*, many things have changed, and it is only natural that some sections of the book are of interest primarily for historical reasons, especially given that the Cold War is the background for several statements and assessments. New issues have come to the fore in the discussion on development: globalization, emerging economic superpowers, different kinds of fundamentalism, and the large numbers of undocumented migrants moving into some countries ("the open borders"). We worry about new threats: terrorism, global warming, cultural clashes, new plagues, and political instability in volatile areas of the globe.

Some of the book's main ideas, however, have proven prescient beyond the usual expectations. In the world after September 11, 2001, several statements contained in this work resonate with an immediacy difficult to imagine at the time of publication. The book was written two years before another September 11, the date in 1973 of Pinochet's *putsch* against the democratically elected Allende government in Chile. Few people within Latin America (and even fewer outside) remember *that* September 11, maybe because today many countries with previous military regimes enjoy democratically elected governments. It is easy to forget that in 1971 Spain and many Latin

American countries had authoritarian governments, some of which looked for political legitimacy in grandiose development plans imposed from above. At any rate and whatever the motivation, at the time the book was written development programs and plans were already underway in many regions and countries all over the world. In his classic *The Stages of Economic Growth: A NonCommunist Manifesto*, W W Rostow (1960) had expounded a theory on the process whereby traditional societies engaged in subsistence agriculture changed into industrial societies characterized by high productivity and mass consumption. It was a detailed description and an attractive guide on how to move from hard toil and frugality to well-paid jobs and abundance. It inspired governments and international agencies in the formulation and implementation of development programs in many noncommunist countries.

*The Cruel Choice* aims at exposing some of the weaknesses in the dominant theory and failures in development practice that were becoming painfully obvious—hence the subtitle to the book, *A New Concept in the Theory of Development*. The words are carefully chosen: the book is not just another theory on the essence of development but the defense of a *concept*. Goulet takes this concept from the existential, everyday experience of people, not from the abstract theories of science or philosophy. It is a notion as basic to all cultures as the distinction between good and bad. Morality and ethics is not added to culture by means of a theory; Goulet is not interested in academic discussions on ethical theories but

rather on the centrality of ethics every time a decision is made in connection with the real or imagined improvement of living conditions of groups of people. As seen from the perspective of those who enjoy or suffer the consequences, such decisions often lack legitimacy.

Hence, in *The Cruel Choice* Goulet thinks of the ethics of development as an attempt to influence events over which the poor have no power. The most general problem is, therefore, how to appeal to normative ethics when we are faced with the decisions of those holding power (Goulet 1971, 335). In the remainder of this chapter, we focus on the ideas clearly set forth in the book's preface. These ideas set the stage for Goulet's thinking in the rest of the book as well as for years to come. At the same time, a detailed spelling out of the implications of some of the statements is still possible and perhaps even useful in the search for solutions to present-day problems.

## The Main Ideas

There are three basic ideas in *The Cruel Choice* from which important consequences can be inferred: For all societies the most important questions are ethical. The main divide between advanced and developing countries is political, cultural, and economic in nature, but the ethical issues for both are similar. Behind the rush for better conditions there lies a very profound question: Do we have to choose between a meaningful



life in poverty and a meaningless existence in a society ruled by technocrats? Is there an alternative to such a cruel choice?

The two main theoretical concepts to be used in the ethical analysis of development are *vulnerability* and *existence rationality*. “Vulnerability” is defined by the lack of defenses against forces that propel people to change; thus, it is a particular case of the more general condition of lack of control over decisions affecting societies and individuals. Poor people experience underdevelopment as vulnerability (Goulet 1971, 38). Since Goulet defines his method as phenomenological (Goulet 1999, 18), the ethics of development begins with an exploration into the depths of vulnerability; this approach combines description of conditions with attempts to use normative values in an effort to overcome a situation deemed unacceptable as a consequence, at least partially, of mass demonstration effects. Poverty is no longer accepted when people become aware of the possibility of change, and this happens when they realize that conditions are different in other places. Even if the development of wealthy nations is not the cause of the underdevelopment of poor ones, it remains true that there does not exist one without the other. In its minimal version, the thesis of mutual dependence claims that to perceive a situation as undeveloped depends on the awareness of a more developed state as a possibility, and that this awareness is a consequence of mass demonstration effects.

## Consequences from Previous Premises

In what follows we highlight the important consequences of these main ideas. Some of these are immediately obvious, although sometimes they are in need of qualification:

*Ethics is basic to the experience of being human and more basic than any economic distinction.* From the perspective of things that really matter, the difference between developed and underdeveloped peoples and nations is only temporary and circumstantial. Some remarks are in order here: First, human beings in different types of societies often face similar problems. Since all human beings have in common some basic needs, all cultures share some universal traits, no matter how different their outlooks. Moreover, neither cultures nor countries remain identical throughout the years: poor people may experience improvement in their situation, whereas citizens of industrialized nations are often the victims of unemployment, economic crisis, and destitution.

Second, countries and regions are not homogeneous: in poor countries there are areas less poor than others, whereas in developed nations there are pockets of poverty. In other words, there is development in underdevelopment and vice versa. And third, claims to the effect that ethics is only part of the superstructure contradict the contention that the basic problem in development and underdevelopment is ethical in nature. But such claims face a paradox: if one’s decision to place ethics in the superstructure is free, then it is also an ethical decision. If it is not free but determined by economic laws, then all individuals sharing the same economic conditions should

have similar ethical approaches, which is clearly not the case. Even if there is a connection between the values held by groups or cultures and their economic situation, each individual bears the responsibility for her or his actions.

*There may be more than one way to connect ethics with development.* Ethics has to do with free decisions, duties and obligations, virtues and values. There is additional complexity: we can consider ethical aspects in underdeveloped countries alone, or in the relation between them and industrial nations. As a consequence, the thesis that ethics is relevant in the discussions on development may take either a linear, simpler version, or a more elaborate one. The linear version contends that development is the result of behavioral consequences of a particular set of socially enforced teachings. The classic example is Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, where an economic system is found to have connections with a particular approach in ethics. Years after Weber's work, when several countries in the Far East became industrialized, newspaper articles often referred to the Buddhist ethic as the supposed explanation for their success. In general, every time a country or region becomes successful in the process of industrialization, establishing a connection between their morality and success becomes a tempting idea. The nonlinear version assigns a prominent role to ethics both in the policies of developed countries toward other nations and in the struggle of poor peoples and nations to overcome their situation, without excluding other possible causes. According to our reading, this seems to be the approach followed in *The Cruel Choice*.

Goulet deals with the role of ethics in development processes in the appendix of the *Cruel Choice*, under the heading "The Ethics of Power and the Power of Ethics." The initial principle is the connection between participation and power: *without participation in decisions, there is no power to affect their consequences*. Let us say something about this principle. First, we cannot deduce from this statement a universal moral obligation to the effect that *there should be participation of those affected in all decisions affecting them*. There are some exceptions to the principle, of which the most obvious has to do with our own existence: we human beings have no participation whatsoever in the decision that brought each one of us into this world, and yet we have some power to affect the outcome of a decision made by others. We cannot go back in time to affect the decision made by our parents concerning our existence, and yet no other decision has the same relevance for our lives.

In general, where there is a hierarchical relation between the decision maker and the person affected by the decision, a negotiation is usually not expected. Generals in wars and jurors in trials have to make decisions without consultation with soldiers or defendants. But even in some symmetrical relations, participation in decisions cannot be invoked: if a friend or spouse decides to terminate the relationship, the other party cannot argue that the decision is not binding unless she or he participates in its making. Because of these exceptions, which are basic to the human condition, we cannot move from the *factual* statement— "without participation in decisions there is no power to affect their outcomes"—to the following universal *moral* principle: "people should

have participation in all decisions affecting them.” But even with these restrictions, an increase in participation whenever possible is a condition for the improvement of human life, and throughout history we see the efforts of different peoples in different times to secure for themselves participation in political, economic, and social decisions. Moreover, particular kinds of participation deemed impossible or inconvenient in the past (for example, women voting in elections of public officials) have been elevated to the category of human rights today.

The next step is to connect participation with power. Some degree of participation is required for the legitimation of political regimes, and even those that come into office by force routinely claim that they are the true representatives of the people. Almost at the end of *The Cruel Choice*, Goulet states that power without legitimacy must ultimately perish (1971, 341). Is this a historical necessity, or a moral imperative? It seems to be both. There are different ways in which legitimacy could be conferred upon power, and all rulers consider their power legitimate. But if the statement is to be interesting in terms of ethics, it is because ethics allows us to argue that particular political regimes lack legitimacy in spite of the claims routinely made by rulers. Denunciation is one of the ways ethics can influence events.

*Ethics is influential in different ways.* Issues other than those that are ethical—for example, political, technological, and economic issues—are formulated and solved according to the values guiding action. Development ethics as a discipline, and Goulet’s personal work as an academic and practitioner, are attempts at influencing decisions related to development in ways outside power channels, by invoking normative values.

A problem can be raised: Is it possible to act without ethics, or is the problem the clash between different ethics? One way to solve the problem is to use normative values in a self-referential way: only the right values are normative, and consequently only the right ethics is ethics. We want to be able to stand before the powerful and claim that a particular decision or policy is wrong and that the decision maker is as capable of perceiving its wrongness as are we.

## Facts Added to the Premises

Theoretical premises, considered thus far, combine with facts to open up avenues for reflection and action. We now turn to consideration of the following facts: In the post-September 11 world, we all feel vulnerable in a way perhaps never experienced before, although the intensity of the feeling for many people may be out of proportion to the probability of a terrorist attack. This feeling of insecurity is fueled by environmental concerns, as well, of which global warming is the most encompassing and pressing. We are constantly reminded of the global increase in temperature, melting ice, rising oceans, and receding coast lines. To unusual natural disasters we have to add frequent social tragedies of unprecedented magnitude. It is difficult even to remember all the events that have taken place in recent years, as one massacre or atrocity is

quickly forgotten when the next appears on the pages of newspapers and television newscasts. Street violence attributed to gangs organized internationally has become a daily problem for large numbers of people— especially the poor—in many countries. Drug trafficking, extortion, kidnapping, and new ways to obtain money illegally are the tactics employed by such groups.

Given these factors, people's expectations have changed accordingly. Instead of waiting for good things to take place, most people merely wish to avoid horrible things happening to them. In recent years television news programs have brought home to all several natural tragedies of unprecedented magnitude, and we are told that global warming will bring about many more in the years to come.

Correspondingly, the future as a time full of possibilities for personal improvement no longer seems to exist for most people. Trapped between the nostalgia for a past considered usually better than the present, and the fear of what might happen to us, we do not think of the coming days as full of possibilities but rather as fraught with danger. Goulet offers another explanation for the disappearance of the future in the consciousness of many people. In the past, a "general optimism prevailed regarding the ability of the less favored to match at some future time the condition of those temporary advantages" (Goulet 1971, 39). But capitalism propelled industrial economies and nonindustrial societies into divergent paths, thus depriving the inhabitants of the latter category of countries of the vision of a future as a collection of possibilities for the improvement of their condition. Colonial powers changed the economic structure of colonized societies, to the advantage of the dominant partner.

Years after Goulet offered this explanation, a quick glance at the Human Development Index issued by the United Nations Development Programme (UNDP) confirms that this is the case: all thirty-one countries in the category of low human development in 2006 were colonies of a few European powers (UNDP 2006, 285–86). In addition, with very few exceptions, these countries became independent after the Second World War. Not surprisingly, the countries that were, until recently, their colonial masters occupy some of the first positions in the high human development ranking today. Nevertheless, the correlation is not perfect: not all countries in the high human development category were colonial powers, and not all former colonies are ranked low in terms of human development. Other factors seem to be at work, and it is clear that not all colonial policies were equally detrimental to colonized societies.

The collapse of the Soviet Union and its satellites in Eastern Europe, as well as the profound transformation that took place in China after Mao's death, have made suspect the notion of a sudden change for the better through a radical revolution sweeping entire nations or even the whole world. The expectations for a better world associated with the deep political upheavals in the first part of the past century, as well as with the more restricted civil wars in the third world in the second part of it, are today things of the past. It could be argued that, although the world has become more stable politically, it is now less stable from a social viewpoint. Governments seem more durable, but personal security has diminished.

## From Personal Vulnerability to System Vulnerability

An interesting change of meaning in the notion of “vulnerability” has taken place in recent years. Among the millions of references to “vulnerability” that can be found through an Internet search, new nuances have been added to the concept due to the fact that today vulnerability is not only predicated of individuals and societies but also of technological objects and systems. Thus, we must consider the following meanings of “vulnerability”: the susceptibility of systems to physical harm— “assailability” is another name for this condition; the extent to which changes could harm a system; and the weakness of a system, which can be exploited for the benefit of others (for example, some computer programs are more vulnerable to virus attacks than others). This change of meaning is very revealing, not only because it is fairly new but also because of its prevalence. The focus has shifted from persons to things as the main object of consideration. At first glance it seems that persons are no longer the subject of concern.

Returning to a focus on persons, however, is not only necessary but easy, for two reasons: First, when we talk about the vulnerability of systems, the relationship between things and human beings is the real problem. The vulnerability of computer systems to virus attacks is a significant problem because the user suffers serious consequences. Secondly, through an analogy we can obtain a richer version of the notion. “Vulnerability” goes hand in hand with “weakness,” both in objects and in human beings (Goulet 1971, 38). The degree of vulnerability is associated with that of weakness, and when we move back from technological systems to persons we find groups of people in specific conditions of susceptibility to physical or emotional harm: children, senior citizens, the unemployed, the homeless, the sick and infirm, the very poor, undocumented aliens. All of these groups have little possibility of reacting to changes and are more susceptible to exploitation for the benefit of others. Therefore, all of the different conceptions of “vulnerability” can be conflated into a single definition that is centered on human beings: “vulnerability” is the link between the relationship that people have with their natural and social environment and the social forces, institutions, and cultural values that shape their lives.

## The Vulnerability of the Powerful: A Difficult Reasoning to Follow

Whereas it is not difficult to follow Goulet’s description of underdevelopment as perceived vulnerability, it is not so easy to understand his reasoning on the vulnerability of the powerful, the topic of the following section in chapter 1 of *The Cruel Choice*. In order to comprehend his line of reasoning, let us summarize it in several statements:

1. In their dealings with weaker partners, powerful nations are also vulnerable.
2. Such vulnerability lies in the danger of their material, military, and technological superiority not being forgiven by the poor nations.
3. It is valid to extrapolate to institutional contexts a concept derived from the operations of groups and from interpersonal exchanges.
4. Such extrapolation is feasible because today there no longer is a distinction between psychology and social philosophy, between psychic processes and the function of the individual in the state, as well as between psychological and political problems (this idea is taken from Herbert Marcuse [1955, xvii]).
5. Hence, we have to look at the way vulnerability operates in the relations between small groups.
6. Although interpersonal relations are not necessarily a mirror of what takes place in social reality, we cannot ignore the speed with which technology has increased human interdependence at every level, which in its turn increases human proximity. This is the reason for the extrapolation mentioned in point 3 above.
7. The basic question is, then, the following: Are the exchanges between groups and individuals based on reciprocity or on domination?
8. Reciprocity is needed for esteem. Search for esteem is political (independence), cultural (identity), personal (dissension), and therapeutic (revolutionary violence).
9. Reciprocity is the only way to obtain a nonmanipulative relation.
10. Without reciprocity there is no genuine development.

Several remarks are in order here. First of all, the vulnerability of powerful countries and individuals is something we can attest to everyday. Goulet's original definition of vulnerability as the inability to defend oneself can be extended to include the contention that no nation or individual is so powerful as to be able to influence every decision affecting it, him, or her. If we stretch the notion of vulnerability to events and not only to decisions, this is even more obvious: every nation, developed or not, is exposed to events over which it has no control—in particular, natural disasters. These usually affect the poor far more than the rich, but beyond a certain point they influence the lives of everybody.

Secondly, if the powerful are vulnerable, they are not so in the same way and aspects as are poor countries and peoples. If both rich and poor were vulnerable in the same way, it would not make sense to define underdevelopment as perceived vulnerability.

The vulnerability of the powerful refers to other kinds of vulnerability, but in some way or another all human beings are vulnerable.

Thirdly, we do not feel obliged to accept Marcuse's idea that our inability to distinguish between the private and the public, between psychology and politics, is a supposed trait of "the condition of man in the present era" (Marcuse 1955, xvii). On the contrary, the point can be made that such identification is a hallmark of totalitarian regimes of the past. At any rate, it is not needed to make sense of the idea of the vulnerability of the powerful. An analogy taken from the private sphere and projected into public life may suffice for the reasoning behind the contention that the powerful are vulnerable, but such an analogy is only a minor ingredient in the argument.

Lastly, the issue may be framed in different terms: Are developed countries secure in their position of power as long as there are poor countries? If the answer is negative, then it is obvious that the only solution is the elimination of the gap between rich and poor nations. When such an aim will be finally obtained, instead of the asymmetrical relation of domination of the rich over the poor, we will have reciprocal relations based on equality. Genuine and universal development would then have been achieved—but not because vulnerability would have been totally eliminated. The power of this idea for explanation and prediction within the social sciences comes from its pervasiveness. Because vulnerability is basic to the human condition, the best we can hope for is its reduction as much as possible through an affirmation of some of the best traits of individuals and groups—in particular solidarity.

The idea that bridging the gap between rich and poor nations is beneficial to both goes back at least to the philosopher David Hume (Hume 1912, 238). As reconstructed by W. W. Rostow (Rostow 1987, 51), Hume's reasoning begins by rejecting the identification of wealth with corruption, the idea that silver and gold are the sources of wealth, and the fear that the improvement of poor nations will harm the wealthy ones. In their stead, Hume asserts that wealth and virtue are not opposites and that demonstration of the possibility of economic growth is an incentive to commerce and industry within and between nations. Wealth spreads among all countries when allowed to do so; the improvement of the poor benefits the not so poor as well.

If it is desirable that poor countries catch up with rich ones, and undesirable that the gap between them increase, then the very existence of the distinction between underdeveloped and developed nations is the origin of particular kinds of vulnerability in each one. In the long run, such differences cannot be sustained. Risks and dangers threaten nations and groups on both sides of the gap. With this argumentation the recourse to identification (that is, lack of distinction between the public and the private, or to an analogy of both), in order to talk about the vulnerability of the powerful is no longer needed. Such vulnerability, moreover, is obvious today. The inhabitants of the most powerful country in the world, the only global power left after the collapse of the Soviet Union, may also experience their everyday lives in terms of some sort of vulnerability. It may be a different *kind* or *degree* of vulnerability, but it is vulnerability nonetheless.

This brings us to a final consideration. Goulet thought of underdevelopment as vulnerability, but neither he nor anyone else, as far as we know, has defined “development” as invulnerability. “Development” has been defined as economic growth with social change, or as the satisfaction of basic needs, or as freedom, but never as the final elimination of the different kinds of vulnerability suffered by human beings. But Goulet’s choice of the notion as the key to understanding development has proven to be a wise decision after all these years.

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## **Part II: Application**

## 8. Economics and Ethics

Charles K. Wilber

This chapter functions as a brush-clearing exercise. International development is dominated by economists brandishing economic theory as a value-free science that has the answers for overcoming poverty in the world economy. The resulting advice is well-represented in the free market focus of the Washington Consensus and its successors. The revival of free market economic policy began in the United States and in the other industrial countries but soon spread to the poor countries of the world. Free market policy emphasizes a reduced role for the state, greater reliance on private initiative and market forces, and increased openness and greater integration into the world economy.

Within this climate, development ethicists are tolerated as well-meaning folk who have little useful to say beyond platitudes of do good and avoid evil; they should not get in the way of the real scientists. The claims of these mainstream economists, however, do not stand up under logical and factual scrutiny. Economic theory is not value-free but rather embodies a worldview that structures the questions it asks, the methods of inquiry it approves, and the answers it sees as appropriate. This chapter, therefore, focuses on how economics is imbued with ethics and how that, in turn, means economic theory needs development ethics before a truly useful development theory is possible.

There are three ways in which ethics enter into and have an important impact on economics. First, economists adhere to ethical values that shape the way they do economics; thus, the core of economic theory reflects a particular view of how the economy does and should work. This may be inevitable but must be recognized and compensated for in some way. Second, economic actors (consumers, workers, business owners) have ethical values that help shape their behavior. If economic theory is going to predict behavior responses of economic actors, these values must be taken into account. Third, economic institutions and policies impact people differentially; thus, ethical evaluations, in addition to economic evaluations, are important. The economists' measuring rod of efficiency must be supplemented with an ethical evaluation.

### Economists Have Ethical Values

The issue of ethical value judgments in economics stubbornly refuses to go away. The problem is at least as old as John Neville Keynes's argument that economics can be divided into three areas: positive (economic theory), normative (welfare economics), and practical (economic policy). The first deals with "what is," the second with "what

ought to be,” and the third with how to get from one to the other. Although the majority of mainstream economists admit that ethical values permeate welfare economics and economic policy, they proceed with some confidence in the belief that their work in economic theory is ethically neutral. Methodologists studying the question are more cautious, however.

In recent years there has been a flurry of literature calling into question economics’ scientific character. Part of that literature deals explicitly with the impact of ethical value judgments on economics as a science, and a greater amount argues for the value-permeation thesis than defends the idea of value-neutrality. Since value-neutrality of economics as a science is the dominant position in the day-to-day work of contemporary economists, however, it seems appropriate to begin by laying out its arguments.

## Value Neutrality

There are two pervasive tenets to the value-neutrality argument. The first is a reliance on the Humean guillotine that categorically separates fact (“what is”) from value (“what ought to be”); this is also known as the “positive/normative dichotomy.” The second basic tenet strongly supports the first by claiming that since we have objective access to the empirical world through our sense experience, scientists need not concern themselves with “what ought to be.” This second tenet is the crucial point, and the one that post-positivist philosophy of science has sought to undermine.

The value-neutral position argues that scientific economics is comprised of three separate components: prescientific decisions, scientific analysis, and postscientific application. There is, however, a difference between the value judgments of prescience and postscience. Hume’s guillotine is protected by drawing a distinction between two types of value judgments in social science. *Characterizing value judgments* involve the choice of the problem to be investigated, the theory to be used, and the criteria for verification, such as usage of formal logic, the selection of data in terms of definite standards of reliability, etc.—in short, everything that can be classified as a methodological judgment. *Appraising value judgments*, on the other hand, express approval or disapproval either of some moral (or social) ideal or of some action (or institution) because of commitment to such an ideal. Thus, characterizing value judgments are not really value judgments of any ethical significance but merely allow one to carry on the scientific enterprise (see Blaug 1980).

In other attempts to reconcile value judgments and objective science, the notion of “brute fact” is often used. This is the claim that facts are in some sense “out there” for all to see, independent of scientific theory. Unfortunately for the value-neutral position, the idea of brute fact has fallen on hard times in the philosophy of science literature. Today, it is generally recognized even by sophisticated logical empiricists that facts are theory-laden and that theories are tested by the facts designated as of interest by the theory. The more important question then becomes whether theory itself is, in

part, value determined, for if it is, then theory-laden facts would also appear to be value-laden.

The defense of value-neutrality still stands, but the pillars seem to be weakening. Blaug concedes that both “factual” and “moral” arguments rest “at bottom” “on certain definite techniques of persuasion, which in turn depend for their effectiveness, on shared values of one kind or another” (Blaug 1980, 115). Even more damaging is his comment that “no doubt Hume’s Guillotine tells us that we cannot logically deduce ought from is or is from ought. We can, however, influence ought by is and vice versa: moral judgments may be altered by presentation of the facts, and facts are theory-laden so that a change of values may alter our perception of the facts” (Blaug 1975, 406).

## Value Permeation

Let us now consider recent criticisms of the value-neutrality thesis. One value permeation position argues that while science is driven by a search for truth, it is not interested in just any truth. The relevant truth must be both “interesting” and “valuable,” and thus all science is goal-directed activity. Further, the criteria for a “good” or “acceptable” scientific theory cannot be ranked in terms of their intrinsic importance, but only in relation to the degree they serve particular goals of the scientific community.

Theory choice is not, therefore, based objectively on noncontroversial criteria (for example, degree of verification or corroboration) but rather on criteria that are inevitably value-laden (that is, the extent to which each theory serves specific ends). The scientists’ search for “valuable truth” is directed by what they think society (and science) ought to do. Since no amount of evidence ever completely confirms or disconfirms any empirical hypothesis but only renders it more or less probable, scientists’ values inevitably play a role in theory construction.

Another line of reasoning, Kuhnian in character, is more convincing to many. Kuhn, referring to the natural sciences, speaks of paradigms that are characterized by the shared values of a given scientific community (Kuhn 1970). It is Kuhn’s rejection of the second tenet—that we have objective access to the empirical world through our sense experience—that is important for those opposed to the value-neutrality position. He argues that the empirical world can be known only through the filter of a theory; thus, facts are theory-laden. A major argument of those who build on Kuhn’s approach runs as follows: A worldview greatly influences the scientific paradigm out of which one works; value judgments are closely associated with the worldview; theories must remain coherent with the worldview; facts themselves are theory-laden. Therefore, the whole scientific venture is permeated by value judgments from the start. This worldview, or *Weltanschauung*, shapes the interests of the scientist and determines the questions asked, the problems considered important, the answers deemed acceptable, the axioms of the theory, the choice of “relevant facts,” the hypotheses proposed to account for such

facts, the criteria used to assess the fruitfulness of competing theories, the language in which results are to be formulated, and so on.

## The Neoclassical Worldview: A Case in Point

Let me illustrate this worldview argument by applying it to neoclassical economics (see Wilber and Hoksbergen 1986). The worldview of mainstream neoclassical economics is closely associated with the notion of the good embedded in its particular scientific paradigm and made up of the following propositions:

1. Human nature is such that humans are (a) self-interested and (b) rational. That is, they know their own interest and choose from among a variety of means in order to maximize that interest.
2. The purpose of human life is for individuals to pursue happiness as they themselves define it. Therefore, it is essential that they be left free to do so.
3. The ideal social world is a gathering of free individuals who compete with each other under conditions of scarcity to achieve self-interested ends. As with physical quantities in the natural world, in the social world, too, there are forces at work that move economic agents toward equilibrium positions.

Neoclassical economists either accept the preceding empirically unverifiable and unfalsifiable statements or, barring overt acceptance, conduct scientific inquiry with methods based thereon. The first two propositions contain the motivating force in economic life (satisfaction of self-interest), and the third proposition spells out the context in which that force operates. It is interesting that experimental studies by psychologists indicate that people are concerned about cooperating with others and being fair and not just preoccupied with their own selfinterest (Frank, Gilovitch, and Regan 1993). Ironically, these same studies indicate that people attracted to economics as a profession are more self-interested, and studying economics makes people even more selfinterested. Thus, economic theory creates a self-fulfilling prophecy.

It seems fairly clear that judgments of value—of a particular notion of the good—are directly implied by propositions (1) and (2) of this worldview. If the purpose of life is that individuals pursue happiness, and if they do so self-interestedly, then it certainly would be good for individuals to receive what they want. Here, then, is the basic notion of the good permeating all neoclassical economics: *individuals should be free to get as much as possible of what they want*. This is the reason that efficiency is so highly prized in economic theory—being efficient means you get more output of the things people want.

There are two basic judgments required to translate this concept of the good into an economic theory, such as cost-benefit analysis. The first of these is that *individual*

*preferences are what count.* The second is a value judgment of the acceptability of the existing income and wealth distribution. This value judgment is external to the neoclassical paradigm, however; therefore, it often obstructs our view of the more fundamental value judgments—that is, those deeply embedded in the paradigm itself. Other ancillary value judgments of the neoclassical paradigm either qualify what types of individual wants will be considered or are derivative from this basic value judgment. These other ancillary value judgments can be summarized in this way:

1. Competitive market equilibrium is the ideal economic situation. Therefore, (a) competitive market institutions should be established whenever and wherever possible, and (b) market prices should be used to determine value.<sup>1</sup>
2. Means and ends should be bifurcated into two mutually exclusive categories.
3. Means and ends should be measured quantitatively.

The first ancillary value judgment derives from elements (1) and (3) of the neoclassical worldview and from the basic value judgment that individual preferences should count. If one takes the core ideas of individualism, rationality, and the social context of harmony among diverse and conflicting interests, along with a number of limiting assumptions, it can be shown that competitive equilibrium maximizes the value of output for given supplies of labor (and possibly other resources) chosen by individuals and is, therefore, the best of all possible economic situations. This ancillary value judgment does not stand alone, however. Competitive market equilibrium is good, in part, because it allows the greatest number of individual wants to be satisfied. Moreover, this value judgment is also determined by the worldview. Without the third proposition such a judgment could not be made, for then some other economic condition could be found to satisfy individual wants. Competitive market equilibrium is good because the worldview insists that only this condition can be ideal.

The notion of competitive equilibrium carries out two basic functions: it serves as an ideal and as a standard by which to measure the real value of current economic conditions. Because it serves as an ideal for which we strive, it leads directly to the value judgment that wherever competitive markets do not exist or are weak, they should be instituted or promoted. If markets do not exist, the natural competitiveness of human beings will be channeled into other nonproductive directions. It would be better to establish markets so that this competitiveness and self-interest-seeking behavior could be channeled into mutually satisfying activities. If markets are weak and distorted due to monopoly power or government interference, there is sure to be a reduction in actual output. Therefore, perfectly competitive markets should be promoted so that the ideal competitive equilibrium can be achieved.

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<sup>1</sup> This is only true if there are no other distortions in the economy— such as externalities, public goods, etc.—unless one assumes competitive market-style solutions to externalities, such as tradable pollution rights.

The second and third ancillary value judgments do not spring directly from the worldview. Instead, they make the paradigm based thereon operational. The separation of means and ends is not strictly required by the worldview itself, but it is an operational requirement, without which the paradigm could not generate meaningful research or study. If means and ends were not mutually exclusive, then neoclassical economics would be nothing more than a simple statement that humans do what they do because they wish to do it. There could not be, for example, inquiry into how satisfaction is maximized by choosing among various alternatives. If some activity (for example, production or consumption) could be both means and end, then one could not determine which part is which. This results in the value judgment that consumption is the end or “good” to be achieved. In so doing, any good inherent in the process or means for obtaining higher consumption is ignored. For example, if the production activity of human labor were more than just a means—if work were good in and of itself regardless of the final product—then it would be impossible for the neoclassical economist to discover how much individual wants are satisfied by the activity. The ends and the means would be all mixed together, and it would be impossible to speak of the value of the product and the cost of the resources independently.

The splitting of economic activities into means and ends by its very nature promotes a particular notion of the good. It may be an operational necessity, but it is also a judgment of value. With means and ends separated, it becomes convenient to measure the satisfaction given by particular ends and the dissatisfaction (costs) resulting from employing various means, and it becomes possible to measure how much better one situation is than another by comparing numbers instead of concepts or ideas. Things that are apparently incommensurable thus become commensurable. This is evident in many branches of neoclassical analysis; for example, when money values are unavailable or inappropriate, quantified units (shadow prices) are used in their place.

The emphasis on quantification in neoclassical economics adds another element to its particular notion of the good. While the second ancillary value judgment separates means and ends, the third ancillary value judgment tells us to focus on means and ends that can be quantified. One practical outcome of this is a heavy emphasis on “things” over interpersonal relationships, education, cultural affairs, family, workplace organization, etc.<sup>2</sup> In the area of economic policy especially, such concerns often are treated as obstacles to be removed or overcome.<sup>3</sup> To the extent that this occurs, the notion of the good that focuses on quantifiable inputs and outputs is embedded in the paradigm.

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<sup>2</sup> There is in principle no problem in measuring the amount of time spent with family, for example, and including a measure (or a number of measures) of quality, but such measurements are not done by neoclassical economists.

<sup>3</sup> A classic example is the construction of public housing for the poor. Square footage per household is the key variable rather than such intangibles as neighborhood, community, or access to services. Another example is welfare policy that concentrates on levels of support and ignores the psychological impact of means testing or the prohibition of able-bodied males in the household.

To conclude, the paradigm or research program of *any* scientific community is circumscribed by boundaries laid out in a worldview that, while not perhaps individually subjective, is nevertheless empirically untestable—or metaphysical, as some would argue. How then do value judgments about the good, the just, and the right enter into scientific analysis? Such value judgments are themselves entailed by the same worldview that gives rise to theoretical and factual analysis. “What is” and “what ought to be” are thus inextricably commingled in the data, the facts, the theories, the descriptions, the explanations, the prescriptions, and so on. All are permeated by the a priori worldview.

If there is no alternative to working from a worldview, then making explicit the values embodied in that worldview will help keep economics more honest and useful. Thus, development economists need to pay particular attention to the possibility that their own worldview is based on training and experience in settings very different from the settings in which they are applying that theory. As Albert Hirschman said: “theories which, because of their high level of abstraction, [may] look perfectly ‘neutral’ as between one kind of economic system and another, often are primarily relevant to the conditions under which they are conceived” (Hirschman 1958, 29). As a result, he suggests that “the economics of development dare not borrow too extensively from the economics of growth ... it must work out its own abstractions” (Hirschman 1958, 33).

## Economic Actors Have Ethical Values

Recently, economists have been thinking through the implications of one of Adam Smith’s key insights. It is true that Smith claimed that self-interest leads to the common good if there is sufficient competition; but also, and more importantly, he claimed that this is true only if most people in society have internalized a general moral law as a guide for their behavior. That is, the efficiency claims that economists make for a competitive market system require that economic actors pursue their self-interest only in “fair” ways. Smith believed most people, most of the time, did act within the guidelines of an internalized moral law, and those who did not should be dealt with by the police power of the state.

One result of this rethinking of Smith’s philosophy is the recognition that a better conception of human behavior is needed. Basically, the argument is that (1) people act on the basis of embodied moral values as well as from self-interest, and (2) the economy needs that ethical behavior to be efficient. Hausman and McPherson recount an experiment in which wallets containing cash and identification were left in the streets of New York. Nearly half were returned to their owners intact, despite the trouble and expense of doing so to their discoverers (Hausman and McPherson 1996, 34). It could be argued that altruistic motives—modeled as increases in another’s utility increases my utility—ultimately are an extension of self-interested behavior. Such an argument is substantially weakened, however, because the discovered wallets belonged to persons



unknown to the finders. Hence, the personal satisfaction and pleasure stemming from the wallets' return ought to be significantly diminished, as altruistic sympathies ought to be weakened with a lack of familiarity. The effort expended and apparently unselfish behavior demonstrated by those who returned the lost goods may, as Hausman and McPherson assert, more likely reflect a manifest commitment to societal norms rather than egoistic desires.

Similarly, it might be argued that the provision of such goods as public broadcasting and church services ought to be hobbled by the classic free-rider problem that accompanies public goods. That many consumers of these goods do indeed fail to respond to funding appeals or turn away as the collection plate passes does not explain the impulses of those who do donate money. Are we to attribute irrationality to those who contribute to public broadcasting, for example, knowing that their gift offsets the free-loading of others? In the case of public church collections, it might be argued that the anticipated approval of fellow churchgoers entices contributions and their threatened opprobrium dissuades stinginess. Masking the amount of one's gift in a closed fist or a sealed envelope is effective and relatively costless, however, and suggests that perhaps a sense of duty, obligation, or gratitude might be more important in compelling contributions to the church's coffers.

It is not only for the sake of accuracy that economists should pay attention to evidence that human actions are not guided by egoistic concerns alone; in addition, there are real economic consequences to non-egoistic behavior. Economists frequently argue that "principles of appropriate behavior" among workers may explain why labor markets are not fully clearing. Appropriate behavior dictates that one not undercut a peer in order to get that peer's position. As Albert Hirschman argues, this example of seemingly non-self-interested behavior may entail market inefficiencies and resulting costs, but most in society (with the exception of many economists) would deem the portrait of human interaction it paints as more than compensatory (Hirschman 1977, 304–5). The assumption that self-interest in a competitive environment is sufficient to yield the common good is an illusion. Pushed to its logical extreme, individual self-interest suggests that usually it would be in the interest of an individual to evade the rules by which other players are guided. Therefore, what constrains individuals from doing so? The answer is that our tendency to maximize our material welfare at the expense of others is inhibited by a deeply ingrained moral sense, one often based on religious convictions.

Hirschman's thought in *The Passions and the Interests* (1977), *Shift — ing Involvements* (1982), "Against Parsimony" in *Rival Views* (1986), and scattered throughout his writings provides an enhanced picture of human behavior in the social sphere. He questions the scientific pretensions of orthodox models: "Could it be that the behavioral assumptions built into them proceed from an excessively simplistic image of both human nature and the social system?" (Hirschman 1981, 287–88). His response to this question is to introduce a richer view of human behavior, one that posits a person motivated not only by self-interest but also by passions and ethical values.

But Hirschman's challenge to the prevailing model of economic behavior goes further. He argues that individual behavior is also shaped by values that transcend the narrow self-interest of the economic model; therefore, we must rethink our view of people as simply self-interested maximizers. Economists have made a major mistake in treating love, benevolence, and particularly public spirit as scarce resources that must be economized lest they be depleted. The analogy is faulty because, unlike material factors of production, the supply of love, benevolence, and public spirit is not fixed or limited. Hirschman says: "first of all, these are resources whose supply may well increase rather than decrease through use; second, these resources do not remain intact if they stay unused" (Hirschman 1986, 155). Of course, these moral resources are not inexhaustible, can be overused, and are not substitutes for self-interest but rather complements. Up to a point they respond positively to practice, in a learning-by-doing manner, and negatively to nonpractice.

Subordination of short-run interests to long-run interests and moral behavior that constrains free riding are essential for the efficient operation of the economy. The claim that individual self-interest alone is sufficient to achieve efficient market outcomes is simply incorrect. Under conditions of interdependence and imperfect information, rational self-interest frequently would lead to socially irrational results unless that self-interest was constrained by an internalized moral code. A classic example is the situation where both the employer and worker suspect that the other one cannot be trusted to honor their explicit or implicit contract. For example, the employer thinks the worker will take too many coffee breaks, spend too much time talking with other workers, and generally work less than the employer thinks is owed the company. The worker, on the other hand, thinks the employer will try to speed up the pace of work, fire her unjustly if given the chance, and generally behave arbitrarily. When this is the case the worker may tend to shirk and the employer will increase supervision to stop the expected shirking. If the worker would self-supervise, production costs would be lower. Thus, this distrust between employer and worker reduces efficiency. This reality leads economists to consider the possibility of developing institutions to reinforce moral values that in turn constrain self-interested behavior so that the pursuit of short-run rewards and free riding can be controlled. Is it possible to rebuild institutional mechanisms so that long-run interests and moral values become more important in directing economic behavior? Platteau (1994) maintains that successful market economies are precisely those that have in place the social institutions and legal structures to keep in check the destructive excesses of self-interested dealings. He cites the transactions-cost literature as evidence of business enterprises' recognition of and attempt to mitigate the effects of opportunism in trade.

## Economic Policies and Ethical Outcomes

When it comes to evaluating economic policies, efficiency needs to be supplemented with ethical judgments. In measuring economic success according to a policy's ability to satisfy individual consumers' preferences, several important issues remain to be dealt with: (1) the tendency to overlook important distributional issues; (2) the adoption of a *consequentialist* conception of the good, as opposed to an agent-centered or historically situated one; (3) the emphasis on ends and the neglect of means; and (4) the failure to acknowledge that consumer choices are often systematically ill-informed or poorly considered.

Economic theory downplays issues of distribution to varying degrees, depending on the proposed criteria for policy making. Sometimes it is argued that only those policy changes should be made that represent Pareto improvements. Within welfare economics, however, the Pareto Rule is of limited use. Since interpersonal comparisons of utility are ruled out, the only thing that can be said is that a policy that benefits someone without hurting anyone is an unambiguous gain for society. Because this type of policy is almost never possible, economists have been forced to fall back on the concept of *potential* Pareto improvements. For instance, in cost-benefit analysis, when the winners gain more than the losers lose, the winners are potentially able to make compensations so that no one loses. Compensation schemes are very difficult to design, however, because it is so difficult to identify the winners and losers. If compensation is not made, then interpersonal comparisons of utility have been made, violating the foundation of welfare economics. And, of course, cost-benefit analysis is a main tool in devising strategies for economic development. Project evaluation relies upon it, and it is the basis for most investment loans.

A second problem with the economic theory of preference satisfaction, when used as a criterion for measuring the success of an economic policy, is that it is *consequentialist*. One possible definition of "consequentialism" is the belief that the morally relevant features of an action are its consequences, or the events that result from it. Neoclassical economics is a special case of consequentialism because it restricts its attention to one particular set of consequences: effects on the utility of agents. One might understandably ask, What else could possibly be important? But it is widely recognized by moral philosophers that an extensive variety of potentially important considerations are inappropriately excluded by consequentialism. Here we focus on two: agent-centered restrictions and backward-looking considerations.

One possible definition of "agent-centered" is the belief that the morally relevant features of an action are the act itself and the character of the agent. The importance of agent-centered restrictions can be seen through several examples, such as torturing someone is wrong regardless of what good consequences might result. Or, suppose I am part of a wide conspiracy to murder a powerful person. It is easy to imagine a scenario in which I was powerless to prevent the murder from taking place; yet most people would say that it would still be immoral to participate in the conspiracy, even if the

ultimate consequences will be the same regardless of my actions. This may seem to be an obvious point and perhaps beyond the scope of economics, but consider a second example. In the mid-1980s many colleges and universities were considering divesting their portfolios of securities of companies that did business in South Africa. Economists argued that this well-intentioned effort would be ineffectual, since other investors from around the world would provide any needed capital. This argument clearly neglected the possible relevance of agent-centered restrictions.

A second characteristic of economics that makes it consequentialist in a sometimes unfortunate way is its lack of attention to past commitments, traditions, and relationships. Such matters seem morally irrelevant from a consequentialist point of view since they are water under the bridge. However, the following example from Anderson illustrates that this is not always the case:

Consider a couple who struggle for years through long workdays and financial difficulties to establish a distinctive family restaurant. Now, just as the restaurant is at the threshold of steady success, a franchise operation wants to buy it from them and build dozens of similar restaurants around the country. In return for relinquishing control of the restaurant, they would get far more money than they could by continuing to operate it. The couple might think of their choice as follows: Selling the restaurant would offer them important financial security, but it would also undermine the point of their lives' personal investments and struggles, which were aimed not just at making money but at creating an alternative to the humdrum, homogenized, and predictable chain restaurants taking over the area. (Anderson 1993, 34–35)

Anderson points out that economists would readily acknowledge that people should and do take into account publicly oriented desires such as one for interesting restaurants in a neighborhood. What they would deny—and indeed, *must* deny, as consequentialists—is that past events, such as efforts to build a restaurant, should have any bearing on these considerations. This is what economists call “the doctrine of sunk costs.” A better understanding of how people think about their investments in past relationships, projects, and commitments would help economists better understand the effects of economic events such as plant closures and the layoffs that often follow company buyouts and mergers. This type of problem is magnified in the process of economic development, which often leads to massive changes that uproot people and industries. To put it differently, people's cultures are bound up with their past lives—their locations, their workplaces, their neighbors, what they see as valuable, and so on.

A third kind of problem overlooked by economists is what Anderson has called “the social conditions of delivery of a good” (Anderson 1993, chap. 7). Economists look at the economy as instrumental for obtaining other goods, such as utility. Thus, for example, one can evaluate the desirability of free market arrangements by examining their impact on the utility of individual agents. The market itself, in this view, has no intrinsic value or disvalue. In some cases this may be an erroneous assumption, however; there may be cases in which agents may have a preference not only for certain

commodities but also for whether those commodities are provided by a market or by some other means. For example, consider an international market for human kidneys. The practice of putting parts of our body on the market in effect treats people as commodities, with possibly baleful psychological effects on both buyers (rich people in rich countries) and sellers (poor people in poor countries). Such arguments counter the notion that we can determine whether the market is best simply by checking to see if it allocates goods efficiently; the market itself may be the object of preferences and norms, which must be taken into account.

The fourth problem area neglected by economics is that of preferences that are in some way based on error. Desires can spring from erroneous belief, a sense of resignation, acculturation that leads to the repression of actual needs, or a lack of information. Economics attempts to come to grips with only the last of these. Again, this shortcoming is typical of the broader stream of liberal thought, which usually regards the individual as authoritative about his or her own needs. Economists often argue that it is paternalistic to try to take into account that choices are often wrong. But if economics supports practices like the use of advertising to convince or manipulate people to use cigarettes, or people in poor countries to use baby formula, they may, ironically, sanction a form of domination in the name of equality. The massive use of advertising in developing countries serves to create preferences for new and often not needed products at the expense of funds needed for nutrition and education. While such manipulation may not be paternalistic, it may nevertheless amount to a loss of autonomy over one's own preferences, a result that is surely at odds with liberal values espoused by development economists.

Economists are beginning to understand that the appeal to individual preferences begs the question of how these preferences are formed and also sidesteps the reality that preferences are dependent on unreliable beliefs. People may believe that a new steel mill will not hurt the health of those living downwind, but if they are mistaken, should their preferences still guide policy? Finally, there is a gap between what I prefer and what I actually do. I prefer not to smoke but my addiction leads me to buy cigarettes anyway. Thus, the question that must be dealt with is, Should individually and socially undesirable preferences guide policy decisions? If not, then who or what should? This is where democratic decision making enters our discussion. Acceptable ways need to be found to overrule socially undesirable preferences while at the same time protect individual rights.

## **An Alternative to Preference Satisfaction**

It is not sufficient to simply reject the neoclassical economics position that satisfying individual preferences, as expressed in the market, is the only measure of economic welfare and the success of development policies. Alternatives must be proposed and developed. I will now sketch out one possible alternative approach to evaluating the

success or failure of development strategies (see Goulet 1971; Gintis and Weaver 1974; Wilber and Jameson 1983; Sen 1985).

As Goulet says, “Development is above all else a question of human values and attitudes, goals self-defined by societies, and criteria for determining what are tolerable costs to be borne, and by whom, in the course of change. These are far more important than modeling optimal resource allocations, upgrading skills, or rationalizing administrative procedures” (2004, 2). Thus, we must broaden our view of human welfare from that of a simple consumer of goods and services with consumer sovereignty as the goal. Rather, once biological needs are met, people derive welfare primarily from social activities such as working, dancing, theorizing, playing golf, painting, partying, reading, and so forth. In order to engage in such activities, people need instruments, capacities, and a social context or environment. People need instruments (goods and services) to engage in activities—fishing poles to fish, tools to work with, shoes to dance in, books to read. Traditional economics focuses solely on this need for objects. However, the instruments are worthless unless people have the capacity to use them; training is needed to learn how to fly-fish, to use tools to repair a car, to dance the tango, how to read. Finally, people need a social context or environment in which they can carry out these activities; a clean river is needed to fish in, good working conditions are needed to enjoy working, clean air and safe streets are needed to enjoy jogging.

The result of such a worldview is that the measure of human welfare expands from consumer sovereignty to include worker sovereignty (Do people have the jobs they want; are the jobs fulfilling; does the work enhance people’s capacities?) and citizen sovereignty (Do people have the communities and environments they want; do they have the power to construct the social contexts within which they can develop their capacities?). With this expanded conception of human welfare, the evaluation of economic policies can be quite different, and the task of economic development becomes greatly complicated. No longer is it sufficient to focus on the growth of GDP. Even expansion of the focus to employment and inflation is inadequate. Economic development is like an earthquake in that it destroys old ways of doing things and the values embodied in those ways. New ways and values must be created. Ignoring these dramatic changes not only leads to suffering by those displaced in the process of development but sows the seeds of discontent and rebellion, which, in turn, threaten the process of development itself. As Goulet argues: “Nor is development a harmonious process, but a traumatic one full of contradictions and conflicts; it is an ambiguous adventure born of tensions between *what* goods are sought, for *whom*, and *how* these are obtained. Development generates value conflicts over the meaning of the good life” (2004, 2).

The domestic and international economic policies needed to implement such an ambitious program require good intentions, clear analysis of the issues, and sustained carry through. All are in short supply in an international economy driven by national self-interest. But something like this form of development may be necessary to deal with the troubling scenario presented by Amy Chua (2002). In both industrial and poor countries, the process of capitalist development and globalization has created

sociopolitical tensions because of its uneven nature and because of its challenge to traditional values and ways of life. This is particularly true in countries with strong Islamic roots and in countries where readily identifiable minorities control the wealth of the society. Chua argues that in much of the world ethnic minorities dominate their respective economies—the Chinese in Southeast Asia, Indians and Europeans in Africa, and Spanish descendants in Latin America. Expanded free markets resulting from capitalist development and globalization exacerbate the ethnic disparities in wealth and income, resulting in increased social and political instability. In this setting, democracy can become the vehicle for a huge ethnic backlash from the dominated majority, led by demagogues preaching revenge (Chua 2002).

Chua was writing *World in Fire*, in which these ideas are presented, when the 9/11 terrorist attacks occurred in the United States. In explaining the number of people in poor nations who rejoiced, she writes: “The attack on America was an act of revenge directly analogous to the bloody confiscations of white land in Zimbabwe, or the anti-Chinese riots and looting in Indonesia fueled by the same feelings of envy, grievance, inferiority, powerlessness, and humiliation” (Chua 2002, 207). The present style of globalization threatens to generate a whirlwind of political backlash. We need to heed the warning given by James Weaver—economist, Church of Christ minister, and social activist—in a talk entitled “Globalization with a Human Face”:

I have wondered about which human face represents the globalization system of the future. There are many candidates. One can see the face of John Maynard Keynes at Bretton Woods, NH, in 1944 working to create a new international political economic order that would prevent another Great Depression and world war. One can see the face of a woman in Vietnam who has gotten a job in a Nike shoe factory. One can see the face of Jody Williams and the NGOs, who got most nations in the world to sign a treaty to ban the use of land mines. One can see the face of an auto worker protesting in Seattle because he lost his job when his factory relocated to Mexico. One can see the face of an AIDS patient in South Africa. One can see the face of Osama bin Laden. (Weaver 2004)

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## 9. Ethical Dilemmas of Theory or Reality? Three Approaches to the Inevitability of Sacrifices in Economic Development

Javier M<sup>a</sup> Iguiniz Echeverria

*cursed is the ground for thy sake;  
in sorrow shalt thou eat of it all the days of thy life;  
Thorns also and thistles shall it bring forth to thee; and thou shalt eat the  
herb of the fi eld;  
In the sweat of thy face shalt thou eat bread,  
till thou return unto the ground;  
for out of it wast thou taken:  
for dust thou art, and unto dust shalt thou return.*  
—Gen. 3:19

The greatest economists sought economic progress for a particular population so that they would suffer less and could live better. Suffering was caused by a lack of wealth but also, despite how paradoxical it may seem, from the manner in which wealth was increased. Bread without sweat does not seem possible under any circumstance, and yet sweat implied an undesired suffering, like that of giving birth, no matter how much the result is valued and wanted. How strongly are we bound by that curse so familiar to the Judeo-Christian tradition? The economy certainly is linked to that tradition when it affirms the necessity of costs that emerge in all attempts to obtain a benefit.

In popular common terms, the increase of wealth is called “economic development.” We will discuss this issue in more detail below, but we can say now that the desire for development is general. So is the idea that development involves costs in terms of people, groups, and cultures left behind by progress and sacrificed for the possibility of a better future for others—for some of them in the present and, most likely, for their

descendents. Is that cost justified? Is it avoidable? Are the costs of progress of nations inevitable? How free are we in this respect? Many of the ethical questions in economics depend on the answers to these questions. In this chapter we will focus more precisely on this matter and also explore the possibilities of economic progress without human costs. For the moment, we will use “progress,” “development,” and “economic growth” in- distinguishably.

With respect to determining and defining human costs, there is a need for a greater precision. On the one hand, the human cost that unsettles the great economists—such as Smith, Marx, and Marshall, to name a few—is not just any human cost; we have in mind costs that suppose suffering, pain, and, in general, an important effect on peoples’ lives. On the other hand, not all economic costs imply a human cost in terms of suffering. We can suppose, then, that where there is no economic cost that can be quantitatively established, in most cases there will not be—or at least it is less likely that there will be—human costs. This definition restricts human costs to those that derive from quantifiable economic costs and could be a serious problem when the issue at hand is about qualitative aspects of human relations in the economic field. For example, mistreatment can be accompanied by a reduction of salary, but they do not necessarily go hand in hand. In this case there would be a human cost without a corresponding quantitative indicator. We begin the chapter by highlighting the importance of development, and, thus, the relevance of those questions on ethical matters.

## **The Importance of the Questions**

In this section we present the questions crucial to our consideration of development and human costs and establish their relevance, which will put into perspective the particular nature of our objective.

### **“The First Real Act of World History”**

Despite its costs, economic development is a goal shared by all. To the degree that the term alludes to escaping from living conditions that are marked by malnutrition, premature death, mental inability, and other fundamental aspects of poverty, such consensus is not strange. Looking from the perspective of desired, ambitioned meaning, consensus is also large but may be significantly smaller. Not everyone wants the current lifestyle of rich countries—or, at least, not some aspects of them. The meaning of “development,” however, still primarily refers to a set of life characteristics that are more commonly found in the industrial West, and even for those who express concern about that which is left behind, development is generally seen as positive. The critics who question the accomplishments of the “developed” countries or the procedures to achieve them (Marglin and Marglin 1990; Sachs 1992), with all the importance and

reason that they may have, are widely surpassed by the generality of the aspiration and by the obstinacy with which individuals, organizations, governments, and peoples all over the world struggle to achieve development, even while risking and abandoning many valuable things in the process.

In any case, the importance of economic development is unquestionable. More than four decades ago, Robert Heilbroner already considered that “This is the economic process of economic development—of a world-wide struggle to escape from poverty and misery, and not less from the neglect and anonymity, which have heretofore constituted ‘life’ to the vast majority of human beings.” The author continued: “It is no mere rhetoric to speak of this attempted Great Ascent as the first real act of world history. Certainly, in size and scope it towers over any previous enterprise of man” (Heilbroner 1963, 9). Heilbroner’s conception of development helps us establish that the next question we wish to propose is universal.

## The Ethical Question Most Resistant to Easy Answers

The foremost specialist in matters of ethic and development, Denis Goulet, pointed out in *The Political Economy of Development and Underdevelopment*, “No ethical issue is so resistant to easy answers as that of generations sacrificed now in exchange for the possibility of future development.” The authors continued: “This agonizing question leads many close to despair” (Goulet and Wilber 1996, 471). Whether it is the most difficult question or not, it is a powerful one, not only because of the importance of the dilemma that is presented to each family or government but because it seems that such a dilemma is fatal. As Goulet stressed, we are dealing with “the irreducibly tragic nature of social change” (Goulet and Wilber 1996, 471; see also Goulet 1995). In fact, many of the experiences in the socialist East and the capitalist West, all differences aside, included important human costs.<sup>1</sup>

The acknowledgement of costs is more accepted today than in past decades; the crisis is so serious that it cannot be hidden. Indeed, the World Bank’s *World Development Report 1995* includes a chapter entitled “Winners and Losers” and states that there inevitably will be both as development continues (World Bank 1995). It is because of this situation that we can insist on the importance of the dilemma of development: “Humanity seems to be faced with a dilemma. On the one hand, the failure to overcome underdevelopment *allows* untold human suffering to continue. On the other hand, the process of overcoming these human costs through speeding up development will most likely *generate* some new ones; and the faster the old human costs are overcome the more severe the new” (Goulet and Wilber 1996, 475). That new costs derive from the very same process that is intended to reduce suffering is a classic view of development. As Paul Streeten bluntly asserts, “Involuntary poverty is an unmitigated evil. All development efforts aim at eradicating it and enabling all people to develop their full

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<sup>1</sup> As discussed below, this view is somewhat questioned by Sen (1997).

potential. Yet, all too often in the process of development it is the poor who shoulder the heaviest burden. It is development itself that interferes with human development” (Streeten 1994, 13).

The criticism of this position that there *must* be winners and losers has not taken long to appear, however (Haq 1995, 145). The problem can be approached from many different angles, and we do not pretend to do it justice in the following. The fundamental question remains, Why are such costs so difficult to avoid? The intentions (or objectives) of those promoting development might be seen as irrelevant by some since such costs seem to result from the attempt to improve humankind as well as exploit it (Goulet and Wilber 1996, 471). Must one accept that the only option is to make the costs tolerable? Let us repeat our misgivings: Why are costs inevitable? With respect to industrialization, Goulet and Wilber recount some of the reasons, such as necessary changes in the social structure that are often met with resistance—for example, the socialization of the population in new habits and values, particularly those related to disciplined work in cities, and the necessity of delaying the increase in consumption or even reducing the level of consumption already obtained in order to accumulate wealth in the future. In general, progress supposes a new order and, even in the best of cases, affects powerful interests created in the previous social order; in addition, it normally affects least the few able to resist the transformation without large costs.

Goulet and Wilber offered one resolution to this dilemma; they argue that dilemmas should not lead to paralysis in the public actions of people and groups, for “On balance, the *human costs* attendant upon capitalist and communist development are probably lower than the *human costs* attached to continued underdevelopment. And it is particular historical circumstances, rather than development itself, which seem to account for the major share of these human costs” (Goulet and Wilber 1996, 474; see also Goulet 1995, 176). The action for development justifies itself through its gains; thus, the task is to reduce costs and find some “middle ground.”

We must remember, however, that the difficulties for development come from different sources. One is that sometimes the previous social order tries to retain power and the challengers struggle against them. Open violence is not uncommon in such circumstances. Another is that either explicit (repression) or implicit (market) coercion is used to change the habits grown in rural society in order to adapt laborers to an urban one. Third, the rate of accumulation may require postponement of consumption. As asserted by Myrdal (1956, 164), democracy, as opposed to communism, will not change much the human cost of this suffering (Goulet and Wilber 1996, 474). We will discuss this point further at the end of this chapter. Our main point here is that the costs of development seem to come from very real social and power conditions in underdeveloped countries; social structures, cultural resistance, monopoly of political power, etc. will be real aspects in the starting point of development efforts, and these efforts will have to challenge the status quo.

In what follows we explore another way to deal with the dilemma, one that, perhaps, is just another aspect of the problem. We suggest that one factor increasing

the human cost of economic development can be found in the theoretical approach to economic activity in general and growth and development in particular. Some theoretical perspectives lead us to rationalize more costs than is needed. The problem of the human costs of development also may be a result of the at least somewhat unnecessary acceptance of such costs. In order to deal with this issue, we now turn to the world of economic theory.

## **Three Approaches to the Relationship between Economics and Human Costs**

The relationship between economic development and its costs is, as we have noted above, a complex one. Such complexity is reduced with the help of economic theory, but moving from practice to theory is not a simple task. For example, in economics one has to take into account and select among many diverse aspects, such as initial endowments, processes, and results. Within this restricted framework, the issue of human costs of the economic process comes to us by many theoretical roads; in no particular order, they are (1) the alternative use of fully used resources; (2) the act of saving; (3) the accumulation effort; and (4) the nature of work and of labor activity. This last issue is probably the most important and deserves an in-depth analysis that is beyond the scope of this chapter. Hence, for the remainder of this chapter we reflect on the first three.

In answering the question on the inevitability of human costs we can say that yes, something can be done. In fact, in certain circumstances, progress has been achieved without a cost worth mentioning. As Thirlwall remembered, when explicitly referring to the policy that was promoted by Keynes in the 1930s and 1940s and has been applied for many decades, “As it turned out, the solution to the problem was to be costless: expand demand by creating credit and bring idle resources into play. Fancy, an economic problem solved costlessly!” (Thirlwall 2003, 5). John M. Keynes, arguably the most influential economist of the twentieth century, may be remembered in history as someone who contributed to the design of measures that allow economies to escape certain recessions without negatively affecting anybody—in other words, a benefit without cost. Let us further explore the possibility of progressing without an important cost to people.

### **The Use of Idle Resources**

A typically neoclassical starting point is the assumption that the necessary resources for production are given and fully owned and used. Keynes, however, diagnosed the economic situation in the 1930s as one in which there was no scarcity of labor or capital. In that context, it was possible to improve everyone’s situation without affecting anybody’s wealth, although in the long term, that of the financier would be reduced.

One way of dividing the schools of economics is in terms of the diagnosis of the existence of more or less immediately usable idle resources for an increase of production and labor. Conventional or neoclassical theory will insist that this situation almost never occurs, and, therefore, one has to assume that the assignment of a resource to an activity is automatically equal to withdrawing it from another. In this diagnosis of full use of resources, as we pointed out above, there is no benefit without cost, progress without sacrifice. Keynes did not rule out a situation of full employment of productive resources, but he argues it had to be created because it did not occur spontaneously.

Which is the most normal situation? That in which there are leftover or inefficiently used resources, or that in which all the existing ones are used effectively? Let us remember two proposals. According to Marx, full employment, be it of labor or of financial capital, would never occur. First, the “industrial reserve army” was permanently recreated so unemployment could not disappear,<sup>2</sup> and, second, the capability of banks to expand credit toward capital was also abundant. If there were profitable projects, there would be capital available without the need to take it away from anyone else. In his well-known textbook, John B. Taylor (1995) points out that the economy operates with resources that can be further used without taking them away from anyone and, therefore, without sacrificing anybody. Thus, full employment of productive resources is not the most common occurrence:

The production possibilities curve represents a tradeoff, but it does not mean that the economy is a zero-sum game, a term that means some people win only if others lose. First, it is not necessary for someone to lose in order for the production possibilities curve to shift out. When the curve shifts out, the production of both items increases. Although some people may fare better than others as the production possibilities are pushed out, no one necessarily loses. In principle, everyone can gain from economic growth. Second, if the economy is at an inefficient point, then production of both goods can be increased with no tradeoffs. In general, therefore, the economy is more like a positive-sum game—one where everyone can win. (Taylor 1995, 55–56)

From another theoretical perspective, Edward Nell (1996) claims that there are always resources that are not being fully used, and, therefore, it is always possible to grow without having to sacrifice—at least up to a certain point. For him, not only is there labor available but there is also machinery and other unused resources even in the midst of war efforts. Hence there exists a permanent gap between the production capacity of the economy and the market’s demand, and there is always a surplus of installed capacity to produce. The author’s conclusion is that “The gap between capacity and normal demand, then, is not a defect of the system, nor is it an indication of an accident or a breakdown. It is the result of a normal mode of operation of the economy” (Nell 1996, 110). This suggests that in the short term, there is no reason to demand sacrifices, beyond our incapacity to find a way to do so or our

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<sup>2</sup> See also Schumpeter: “full employment ceases to be a property of equilibrium states and instead indicates—paradoxical though this may sound—disequilibrium of a certain type” (1964, 137).

interest in finding it. Nell's proposition is a more radical gamble; and although Thirlwall considers it impossible in the long term, it may not be so. The key distinction is between micro and macro. The economy as a whole has characteristics that are not explicitly perceived by economic agents and businessmen. While these two groups do encounter restrictions in their daily activity, this does not happen when one looks at the economy as a whole: "For the system as a whole, output can be expanded in any direction without sacrifice in any other. There are no trade-offs; we can have something, even more of everything, without less of anything. Everyone will be better off if everyone spends more" (Nell 1996, 110). It is important to clarify this matter, among other things, because the apparent impossibility of avoiding the sacrifices has been based on a diagnosis of reality that is not necessarily true and that transforms the argument favorable to sacrifice into something natural or quasi-natural. Arguments based in scarcity, understood as a restriction of resources, are of this type; they turn scarcity into something natural and avoid analyzing the social aspect of the costs of development.

The regular situation of the economy seems to include great insufficiencies in coordination. The economy is suboptimal when it operates according to the rules of mercantile competition. Prisoner's dilemma games suggest that an economy in which individuals make decisions on their own and seek their own benefit might not lead to optimal situations. Therefore, it is possible to improve everyone's situation without worsening that of anyone's—in this case, through coordinating decisions. This leads us to the problem of the possibilities and convenience of coordinating decisions. Keynes was an active promoter of coordination to achieve a fuller use of resources: "It is not who is the sinner; and therefore it is not reasonable to expect that it is from individual action that the remedy can come. That is why I stress so much the policy of public authorities. It is they who must start the ball rolling" (Keynes 1933, 148). According to Keynes, coordination would not create a budget problem: "Look after unemployment, and the budget will look after itself" (Keynes 1933, 150).

There is another situation that requires coordination—namely, instances of very high inflation and hyperinflation. In Latin America, for example, the so-called income policies consistent in coordinating the future income of the principal economic agents led to almost instant reductions in inflation and the immediate reactivation of the economy. Because the agents had acquired in inflationary processes the custom of adjusting prices according to inflation and had abandoned other criteria to adjust prices, they were, in fact, coordinating. This *de facto* coordination could be used to reach an agreement to stop adjusting prices according to inflation and introduce another criterion. Since everyone was dancing to the rhythm of prices, policy makers decided to use it to stop inflation. Given the urgency of the situation in Latin America, the decision to stop the music was what led to a coordinated decision of not increasing the prices. The result was, as we have already pointed out, a quick reduction in inflation and a fast increase in aggregate demand and tax collections. This heterodox coordination was possible because all the agents felt that they were losing by adjusting prices

according to the previous inflation. Besides, there was a certain equality of strength between businessmen, unions, and the state: “Overall, the long term effects of disinflation on economic activity were positive both in the Austral and the Cruzado Plan” (Ros 1989a, 15). In other countries where there was no plan, companies adjusted their prices according to the exchange rate and looked nowhere else because of the fear of lagging behind and quickly losing everything. As a consequence, such rates could be instantly frozen and the effect was also a fast reduction in inflation. As Jaime Ros summarizes, “when inertia is predominant and the costs of inflation are significant and amply distributed, the game becomes one of ‘pure coordination’, to use Schelling’s (1960) expression in a different context” (Ros 1989b).

We end this section with a few tentative conclusions. The first is that the economy can be seen, at least in times of crisis, as containing excess resources. Secondly, the availability of resources becomes useful when coordination between agents is introduced. This diagnosis (subutilization) and this solution (coordination) allow us to confront the problems of crises, be they recessive or hyperinflationary, with little cost. This does not imply miracles, but it is successful in situations in which a crisis cannot be easily dumped upon the weak and ingenious solutions are required for specific problems. As Dornbusch and Simonsen pointed out, reacting quickly to such an interesting experience: “it is possible to stop inflation without a significant, protracted recession. This is striking innovation, even if the examples of Brazil and Argentina show that success is rare. But then there is also no precedent of stopping inflation without recession using simply demand policies” (Dornbusch and Simonsen 1988, 462). We have shown with some illustrative cases that human costs can be reduced under certain precise circumstances if we assume the existence of unused resources that can be mobilized to avoid further recessions.

It is one thing to stimulate an economy that has unemployed resources, factories, and labor, which only have to be put into use; it is quite another situation to create new factories. The problem, as Thirlwall points out, is different when it is about growth: “The challenge of development is very different. There is no divorce between theory and the observed facts. The mainsprings of growth and development are well known: increase in the quantity and quality of resources of all kinds. Countries are poor because they lack resources or the willingness and ability to bring them into use. The problem of development cannot be solved costlessly” (Thirlwall 1994, 4). Is this so? Recall Nell’s arguments that suggest that it is not necessarily so, even in times of “full” use of resources such as during war. More information and review of the literature is required than that which we have carried out so far to answer this question.

## **The Necessity of Abstinence**

A concept closely linked to the subject of sacrifice is that of savings. It is the necessity to save that compels a person to sacrifice by refraining to consume in the present. The existence of the interest rate has also been seen as providing the necessary



compensation for that abstinence. Hence, the association between sacrifices and savings is one of the most traditional in economics; however, the criticisms of that association are also important. Curiously, someone so insensitive to other people's necessities, as Joseph A. Schumpeter apparently was, did not need to accept that relation to justify the cost of development: "The fact that savings does—or at least may—[entail] a sacrifice is held to be no more sufficient or necessary to account for the existence of interest than disutility of labor is to account for the existence of wages" (1964, 103).<sup>3</sup>

At the beginning of the twentieth century, J. A. Hobson analyzed the problem of the relation between savings and human sacrifice:

The question which concerns us is whether there are human costs corresponding to and involved in these economic costs. In answering this question, it is not enough to point to the admitted fact that this saving involves the failure to satisfy some current desire for increased saving. It has to be considered whether the sacrifice of current 'satisfaction' is really a sacrifice of welfare, either from the standpoint of the saver, or of the society of which he is a member. (Hobson 1914/1968, 103)

An important distinction for Hobson was that an economic cost does not necessarily imply a human cost; he argued that for the most part savings have little to do with people's sacrifices. To the degree in which the largest part of savings is done by the rich, those savings that Hobson calls "automatic" do not have as a counterpart any sacrifice. The reason is that such savings are made after the rich have consumed everything that is imaginable and, thus, they are inevitable. Those components of their resources cannot be not saved. In the case of the upper middle class, savings are denominated as "motivated" and do not imply a sacrifice worthy of consideration in the standard of life of people. Finally, the savings of the poor really are an authentic sacrifice in their well-being, but it is an insignificant proportion of savings as a whole. The conclusion is that the global savings of an economy have little to do with personal sacrifice (abstinence).

The great critic of this relation between savings and sacrifice, and the subsequent justification of the latter, was John M. Keynes. He revolutionized economic theory in various ways. One of them was affirming that, under certain circumstances, sacrifice was not necessary to improve the economic situation of nations. Not only do savings not come from abstinence, but in itself it is unnecessary and even inconvenient. His conscience on the costs of development is clear: "The outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes" (Keynes 1936, 372). Common sense at the time indicated that to increase wealth abstinence was necessary and that inequality of income was convenient because it facilitated the abstinence of the wealthy investors (Keynes 1936, 373). Keynes shows in his principal work, however, that such abstinence negatively impacts the growth of production and employment. Thus, progress is disconnected from sacrifice.

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<sup>3</sup> Schumpeter goes on to say that the degree in which savings derive from abstinence could be important. It is, without a doubt, a component of little importance to global savings (1964, 103).

In general, for Keynes, it is the increase in consumption, and not in savings, that contributes to generating employment and to the improvement in the standard of living. The explanation for this happy possibility rests on a diagnosis of reality and on the importance that is assigned to a particular aspect of the economy. The relevant aspect is effective demand—in other words, the purchasing capacity of the population. Employment, Keynes's principal concern, results in a cost, but he insists that it also constitutes a demand for goods. As we know, wage earners are also consumers. What is more, the increase of demand for goods is the necessary condition for the factories to hire more wage earners. An increase in the inclination to consume is beneficial and not harmful, as was believed until then.

There was no doubt as to the abundance of unemployed labor during the Great Depression of the 1930s, during which Keynes wrote *The General Theory of Employment, Interest, and Money* (1936). But Keynes points out that there are no intrinsic reasons for capital to be scarce, and, therefore, interest is not a reward for the supposed sacrifice of using a scarce resource for a certain activity (Keynes 1936, 376). Hence, the increase of the interest rate, and the fall in investment and employment, is not justified. That increase used to be justified by arguing that if interest rates were high people would sacrifice their present consumption; through the banking system, where they would deposit their savings, capital would be converted into the necessary financing for companies that would create employment. As reasonable as this may sound, Keynes argues that when there is unemployed labor and installed machinery that is not being fully used, this is not actually the case. Savings are inconvenient because they reduce the demand and aggravate the problem of recession, which is why a low interest rate is convenient. In a theoretical move that goes in the direction we are suggesting, Keynes states that “It is better that a man should tyrannize over his bank balance than over his fellow citizens; and whilst the former is sometimes denounced as being but a means to the latter, sometimes at least it is an alternative” (Keynes 1936, 374). Indeed, “sometimes at least” it is. More generally, it is when there is an excess of labor and installed productive capacity. Again, at least under certain economic (recession) and political (balance of power) circumstances, creative theoretical thinking can manage to invent nonsuffering alternatives.

Of course, some people would suffer if the interest rate dropped, such as those who live off the interest that their savings generate. But even so, the social cost that could be derived from the so-called process of “rentier euthanasia”—that is, the resistance from the rentier class to a drop in the interest rate—is considered by Keynes. In effect, the transition cost said that rentier euthanasia must be reduced with a strategy that lowers interest rates and weakens the rentier sector little by little. The process “must not be sudden, simply a gradual and prolonged continuation of what we have recently seen in Great Britain, and a revolution won't be needed” (Keynes 1936, 376).

The next illustrative step necessary for determining the inevitability of human costs in economic progress is a discussion of the conceptions of development, in which we will look at the problem from a completely different perspective. Until now we have assumed

that the objective at hand, economic development, understood as an increase in the average productivity of a country, was adequate; however, maybe other conceptions of development—and, therefore, other objectives—can contribute to alleviating the costs of progress. It could be that *the main* problem to reduce such costs is not the way of progressing *economically* but the *fact that the goal is economic*. The problem, then, would no longer be in the means but in the sought end.

## Social Expenditure as Investment: Blood, Sweat and Tears?

In an article published some years ago, Amartya Sen asks if development is equivalent to “blood, sweat and tears (BLAST)”<sup>4</sup> if it is a “fierce” process (Sen 1997). He prefers to understand the actual economic order in a different way, which he sums up with an expression from the Beatles: “Getting by with a little assistance,” otherwise known as GALA (Sen 1997, 534). Although the polarity is not wholly adequate, Sen’s perspective places him closer to the latter. Even so, he considers that both perspectives should compensate each other. Sen’s paper deals with the attitudes toward development that are invoked by diverse theories.

For Sen, “The rhetoric of BLAST is one of ‘needed sacrifice’ in order to achieve a better future” (Sen 1997, 534). This way of looking at development distrusts any proposal that may be lax—that is, without evident costs—and understands development as strictly an accumulation of (physical, if we may say so) capital. Sen’s preoccupation with the proposals of acceleration of such capital accumulation is the sacrifice that they may represent to the present welfare and that of the immediate future even if beneficial in the long term. For him, the problem with that kind of accumulation is the “appropriate valuation to be placed on the terrible deprivations that exist right now (even when balanced against very large gains to the more prosperous future generations)” (Sen 1997, 535). Sen disagrees with those who consider that such sacrifice is needed, or at least that it cannot be largely avoided.<sup>5</sup>

As an aside, this concern for greater balancing of the welfare of present generations and future ones is also presented by Robert Solow when evaluating policy proposals related to the sustainability problem: “Those who are so urgent about not inflicting poverty on the future have to explain why they do not attach even higher priority to reducing poverty today” (Solow 1996, 16). Those critical terms target a vision of development that takes into account in a more balanced way inter- and intraregional and intertemporal demands. “Why is it so important that we protect the distant future from a fate that arouses so little concern and action when experienced by contemporaries?” (Solow 1996, 16). For different reasons, both Sen and Solow criticize those for

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<sup>4</sup> The acronym for “blood, sweat and tears” comes from Winston Churchill (Sen 1997, 533).

<sup>5</sup> As Sen stresses, ideologically quite different views may agree on the need of sacrifices for development. We have observed this in Latin America. Absolute differences about the role of the state disappear in important respects when the treatment of labor comes under consideration. It is no surprise that neoliberals felt at home with Pinochet.

whom the future is the basic criterion for decision making, particularly when it is at the cost of the current situation of the poor.<sup>6</sup> For Sen, “a GALA view of development provides a more natural way of seeing the interdependence between enhancing human welfare and expanding an economy’s productive capacity and development potential” (Sen 1997, 536).

Apart from this relatively reduced appreciation of present lives, there is another aspect of development, more related to the concepts that serve to guide analyses and economic decisions, that concerns Sen. He affirms that once the importance of “human capital” is taken into account, the traditional distinction between consumption and investment must be reevaluated. In effect, economic growth supports itself on investment, and consumption is considered a tax on savings necessary to justify that investment. However, to the degree that education, health, nutrition, etc., are proven to be important to achieve increases in productivity, their place within consumption—and not within investment—is open to discussion. To the degree that expenditure in these categories elevates present welfare, we are questioning the popular polarity between present sacrifice and future welfare among economists.

In addition, doubts about the importance of a “sacrosanct” relation in the economy are beginning to increase. In its report on development in 1999, the World Bank argues the following after studying the topic.

Development models popular in the 1950s and 1960s drew attention to the constraints imposed by limited capital accumulation and the inefficiency of resource allocation. This attention made increasing investment (through either transfers from abroad or savings at home) a major objective. But the experience of recent decades suggests that a focus on investment misses other important aspects of the development process. Investment rates and growth rates for individual countries between 1950 and 1990 varied considerably. Some low-investment countries grew rapidly, while a number of high-investment countries had low growth rates. Although investment is probably the factor that is most closely correlated with economic growth rates in these four decades, it does not fully explain them. (World Bank 2000, 15)

Even more so, Sen reminds us that expenditure in education, health care, etc., apart from increasing immediate welfare, can contribute to the reduction of discrimination and inequalities (for example, between genders), to a demographic evolution in one direction, and, by more adequate means, to widening the welfare and freedom of people. In this way, the BLAST alternative loses part of its appeal: “The need for inter temporal balancing and the powerful role of capital accumulation are not, of course, removed, but an understanding of the interdependence between quality of life and an economy’s productive ability takes away some of the starkness of the dichotomy between living well and accumulating fast” (Sen 1997, 536).

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<sup>6</sup> This is a topic that we cannot explore further in this chapter in spite of it being so important for Goulet (see Goulet 1989).

But the fear of being associated with this last vision of the development process is large among professional economists. The old polarizing model of the present and the future—which claims that one has to accumulate first in order to consume later—has dominated in the last two decades. Referring to the need for blood, sweat, and tears, Sen points out that “Those who see in this a model to follow have continued to argue for giving priority to business interests so that the productive power of the nation can be radically expanded, and they warn against the spoiling of long-run benefits by the premature operation of sympathy; they are terrified of the harm that may result from the influence of ‘bleeding hearts.’” He continues: “Paying much attention to distributional concerns and to equity would seem, in this perspective, to be a mistake at early stages of development. The benefits will come to all in due course, through “trickle down”; deliberate attempts to hasten the sharing would only mess up the formation of a forceful stream from which the trickles would have to find their way down” (Sen 1997, 537). Contrary to this, Sen makes explicit what he finds are the lessons of contemporary experience:

The fact that social development may not work on its own to generate economic growth is fully consistent with the possibility (for which there now exists a great deal of evidence) that social development does strongly facilitate fast and participatory economic growth if combined with market-friendly policies that encourage economic expansion. (Sen 1997, 537)

A democratic regime is very important for softening the development process, according to Sen: This focus on democratic social choice is a crucial part of moving away from the “blood, sweat and tears” view of development to one that celebrates people’s cooperation and agency and the expansion of human freedom and capabilities. To reject the “hard state” that denies the importance of human rights (including political rights to the holding of open public discussion) is thus complementary to the rejection of other forms of “hardness” that view development as a terrible “fierce” process (Sen 1997, 543).

## Conclusion

In the first part of this chapter we discussed how, taking into consideration the social difficulties on the road to economic progress, Goulet and Wilber ended up insisting that the effort was justified since the human cost of persistent underdevelopment was greater than that required to develop. That is, the cost of the struggle against the economically and politically powerful was acceptable. In the second part of this chapter, we have suggested another sacrifice-reducing road, one that is more theoretical. We are not suggesting that there exist views of reality not based on theory, but our point is that theoretical assumptions may influence the degree of the acceptance of human sacrifices in the economic development process. One of those assumptions is that the economy consists in the allocation and reallocation of fully owned and fully used resources, and

that reallocation always implies some cost to somebody. Another assumption is that savings necessarily imply abstinence and that, therefore, sacrifices are unavoidable. The third assumption is that accumulation consists in increasing the amount of physical capital, and the human aspect of that process is concerned almost exclusively with consumption understood as an unproductive activity and, therefore, as a cost that has to be reduced. In all three cases, then, human sacrifice can be, and has been, easily justified. The powerful justify themselves by assumptions about the way the world is and in theories about how it works, as much as in an open exercise of power. This legitimizing of suffering does not help in reducing it.

It is not our point that all human sacrifices can be easily avoided; rather, we hold that under some circumstances human ingenuity—and, we suspect, political policies pushing for more decent solutions to crises—have allowed some significant reduction of sacrifices. The opening up of new possibilities is, in part, due to the theoretical perspective we use to approach the problem. This does not imply that there are no contradictory interests or resistance by affected groups, as Goulet and Wilber stressed—and we have summarized, perhaps too much, in the first part of this chapter. We tend to think that the economic development process is, at least at some moments, quite conflictive, but practical development experience and theoretical insights in economics have led us to think that it not only would be good but also possible to devise alternative ways of approaching the problem of economic interaction and development in order to reduce as much as possible such suffering.

We are sure there are many other roads that travel in the same direction. We have just suggested the convenience of exploring well-known departures in economic theory that can help individuals devising policies contributing to that objective. New and more creative departures are needed. A more radical approach would be to put into question the objectives of development, the nature of a good life, and in general the ends more than the means, but this would lead us too far from our present purpose. Perhaps, however, this would be closer to the ethical ambitions of Professor Goulet.

## Notes

I must thank Chuck Wilber and Jaime Ros for their collaboration in the editing of this chapter

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# 10. Technological Nightmares

Paul Streeten

“Never prophesy, especially about the future.”

## Introduction

I am not a Luddite. Like most reasonable people, I welcome technical progress. As Stephen Marglin has reminded us, “It is worth remembering that the followers of the original General Ludd, whose name became synonymous with irrational resistance to progress, did not oppose the spinning jenny but jennies in factories. Luddite resistance was not to technical progress but to the application of progress in ways which would destroy the birthright of ordinary folk to labor in their own cottages” (Marglin 1990, 25).<sup>1</sup> Ned Ludd, or King Ludd, was a mysterious and mythical figure; he was an English laborer who supposedly destroyed weaving machinery around 1779. His followers, the Luddites, destroyed power looms between 1811 and 1816, and the movement shook the north of England in 1811 and 1812. Hand weavers and combers rose up against the new machines that were displacing them, smashing power looms and burning down textile mills. The authorities made the destruction of machinery a capital crime, and by 1813, twenty-four of the Luddites had been hanged. Luddites are still with us today. In the 1970s there existed in Cambridge, England, a society called the George Corrie Society, whose purpose was to put obstacles in the way of technical progress. And in the United States the Unabomber had pathological objections to technical progress.

The indictment of the opponents of technical progress consisted not only in pointing to technological unemployment but also to the depersonalization and regimentation of work, the despoliation of nature, and the indiscriminate slaughter of total war. Since the 1970s this indictment has been widened to encompass the technologies of information and the life sciences, including the cutting edge of computer science and molecular biology. Technology is blamed not only for its dramatic disasters—such as those at Three Mile Island and Chernobyl, Bhopal and Exxon Valdez—but also for the insidious, alienating replacement of conversation and community by television watching and Internet surfing.

The ancient Maya creation epic, the Popol Vuh, contains a “Rebellion of the Tools” in which people are attacked by their farm implements and held over the fire by their

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<sup>1</sup> The epigraph is attributed to Mark Twain.

pots and pans. The story can be regarded as an early warning regarding the threat of machines (Wright 2003, 19). Samuel Butler's *Erewhon* (1872/1970) pictures a society in which a Luddite revolution had overthrown technology. Parties called the "machinists" and the "anti-machinists" fought each other and the latter won. The objection, Butler emphasizes repeatedly, was not so much to the machines as to the rapid speed at which they were evolving.

One person's technological outrage is another's miraculous salvation. Stripped of the gauzy romanticism of myth, the pre-industrial village was for most people a place of exhausting and unrelenting subsistence labor that harnessed men, women, and children to the mindnumbing tasks of farm and household. I am fully aware of the great benefits technical progress has brought. It has raised productivity and wages and has not necessarily caused long-term unemployment. New and improved goods and services have replaced older ones and created new employment opportunities. Half the things we spend our money on were not available in 1870, from air travel to zip fasteners. The reduction in household drudgery greatly benefited working-class women, and technology not only led to higher productivity and incomes but also better education and the enjoyment of a longer life in good health. I do not believe that technical progress inevitably leads to more pollution, greater raw material exhaustion, degradation of the environment, or generally gloom and doom; Cassandras like Paul Ehrlich have been shown to be false prophets of doom. I do have some concerns or worries, however, and they are not those commonly discussed by the prophets of gloom. I shall discuss these concerns below, after some introductory remarks.

I shall not be concerned here with the hair-raising stories that attempt to make our flesh creep. The first Club of Rome report, entitled *Limits to Growth* (Meadows et al. 1972), was shown to be entirely wrong. Neither the fears about predicted excess pollution, nor about raw material exhaustion, nor population growth, turned out to be justified. There may well be dangers from global greenhouse warming (the result of the burning of fossil fuels), though some have predicted a new ice age. Due to the release of chlorofluorocarbons and the resulting hole in the ozone layer, there may be a threat from ultraviolet radiation, which causes skin cancer, cataracts, and other health problems. Ultraviolet radiation also may reduce the harvest of soybeans, the world's leading protein crop. Forty to fifty million acres of tropical forest disappear per year, and generally deforestation proceeds at the rate of the destruction of one football field every second, or one Tennessee every year. Soil erosion and desertification are widespread, and deforestation in the Himalayas increases flooding in Bangladesh. The destruction of living species such as whales, dolphins, and other marine life due to over-fishing in the Pacific proceeds unchecked. More than half of the now living species may disappear within our lifetimes; besieged creatures include the beluga whale, the eastern spinner dolphin, the Steller sea lion, the red squirrel, the snail darter, the northern spotted owl, and the dusky seaside sparrow. The search for ivory will make elephants extinct in twenty years if the present rate of killing of two to three hundred

elephants per day continues. The international trade ban on rhino horn drove up its price and only increased the killing.

Chemical waste seeps downward to poison groundwater and upward to destroy the atmosphere's delicate balance; acid rain ruins forests; incinerator ships burn toxic wastes; DDT (Dichlorodiphenyltrichloroethane), though banned in the United States, is found in the mud of Lake Siskiwit, near Lake Superior. There are three forms of air pollution: acid rain, which is caused by the twenty million tons of sulfur dioxide emitted from coal-fired power plants each year; smog, caused by barbecues, dry cleaners, petrochemical plants, and motor cars; and various forms of toxic chemicals. For example, paper that is chlorine bleached contains dioxin and other organochlorines, which are among the most hazardous substances in the world; seven hundred million pounds are released into the atmosphere per year.

These are much-discussed problems—Vice-President Al Gore compared them to *Kristallnacht*—but I shall not consider them in this chapter. Although some people have sought the solution to these problems in zero growth, this is nonsense; economic progress does not have to take the form of pollution and raw material exhaustion. If sustainable growth is interpreted as maintaining all ingredients of growth, including the total stock of exhaustible raw materials—what is sometimes called “hard sustainability”—zero growth is not the solution. Capital would have to be maintained by replacement, which requires the raw materials. Zero growth would merely postpone the day of reckoning; instead, we would have to opt for zero consumption, but that means the extinction of the human race.

I believe we have four options. First, we can opt for less growth, with fewer goods and services, and therefore fewer “bads.” Second, we can opt for the production of more anti-bads (such as scrubbers) made with the reallocated resources. Whether this is counted as more or less growth depends on our accounting conventions: that is, whether the anti-bads are counted as necessary inputs for goods or as final products. Third, we can choose even more goods and faster growth in order to compensate for the growing amount of bads. Finally, we can produce different kinds of goods, with fewer of the characteristics of bads: for example, slower, less-polluting cars such as hydrogen fuel cell-driven or bioethanol-driven cars. I prefer this fourth option.

It is sometimes forgotten that much technical progress can be and has been entirely benign. There are many entirely innocuous innovations that neither exhaust raw materials nor pollute and represent a switch from energy-intensive to knowledge-intensive innovations. While the first Club of Rome report was entitled *Limits to Growth*, a later one was called *No Limits to Learning*. The most dramatic engine of current economic growth—information technology—is environmentally benign. One could draw up a long list of benign innovations that have none or few of the detrimental effects usually attributed to technology, such as pollution: for example, micro-electro-mechanical systems (MEMS), the technology of the first decade of the twenty-first century (as it was microprocessors in the 1980s and lasers in the 1990s), which constructs buildings to adjust to earthquakes; biomedical testing; heart bypass surgery; the anti-polio vac-

cine; painless dentistry; Valium, Prozac, and SmithKline Beckman's anti-ulcer drug Tagament; the compact disc; microchips; high-yielding varieties (HYV) of wheat and rice; the CAT Scan; Magnetic Resonance Imaging (MRI); ultrasound; Sony's Walkman; EMI's body scanner; the word processor; TV, cable, and VCRs; Kurzweil's voice system (in which you dictate to a machine that types); in vitro fertilization; the fax machine; high-definition TV; the fuel cell; and many others. Conditions that carried a death sentence only thirty years ago, such as leukemia, are now routinely treatable with a mixture of high-tech drugs and surgery. Cochlear implants now allow the deaf to hear; retinal transplants restore sight to the blind; new anti-inflammatory drugs allow the lame to walk; and sophisticated tests can find a cancer in the body even when only a few cells have gone awry.

## Nanotechnology

Some innovations have given rise to controversy, such as nanotechnology. The term was invented in the early 1980s; it comes from nanometer, or a billionth of a meter, which is a measure of the sizes of atoms and molecules. Nanotubes—cylindrical, carbon-based molecules that are nanotechnology's favorite building block—were discovered in 1991, leading to advancements in nanotechnology and materials science. For example, soot is made of carbon; in 1985, it was discovered that when carbon is vaporized in an inert gas, such as helium, and allowed to cool slowly, it forms carbon-60—otherwise known as buckyball (or fullerenes), so named because its structure resembles the geodesic dome invented by Richard Buckminster Fuller. Carbon-60 is incredibly strong, chemically inert, and conductive. Buckytubes, or nanotubes, add millions of extra sets of hexagons of carbon atoms to the middle of the soccer ball molecule; they can function as semiconductors and, in principle, replace silicon.

There are many potential uses for nanotubes. In September 2003 in Santa Fe, New Mexico, a conference was held on constructing a 60,000-mile-high elevator to carry cargo into space. The elevator would use nanotubes, which have many times the strength of steel. The science fiction writer Arthur Clarke—whose novel *The Fountains of Paradise* (1979) predicted such a space elevator—gave the keynote address from Sri Lanka via satellite. Haifa's Technion Institute of Technology has developed a new pump device that will allow diabetics to inject themselves painlessly and easily with insulin and will also assist in the injection of additional medications and immunizations. The Nanopump is a tiny silicon array of dozens to hundreds of microneedles hardly detectable to the human eye, which, when placed on the skin, deliver medication via a pump.

Nanotechnology can, according to some, be dangerous to the environment and to human health. Bill Joy, the former chief scientist at Sun Microsystems, published an article in *Wired* in 2000 entitled "Why the Future Doesn't Need Us" in which he argues that "The 21<sup>st</sup>-century technologies—genetics, nanotechnology, and robotics (GNR)—

are so powerful that they can spawn whole new classes of accidents and abuses. Most dangerously, for the first time, these accidents and abuses are widely within the reach of individuals or small groups.” These technologies are a little like life and a little like a computer program; they create, in Joy’s words, the “gray goo problem.” The gray goo would be a phalanx of nanomachines programmed to create yet more nanomachines until they run out of raw material—and, for raw material, read “planet.”

The applicable folktale for those who fear the effects of nanotechnology is “The Sorcerer’s Apprentice”: you get the process started, but the self-replicating nanobot escapes and you cannot turn the thing off. In Michael Crichton’s novel *Prey*, minute “nanobots” (nanorobots) invade and take control of human bodies. The message of *Prey* is that biotechnology in the twenty-first century is as dangerous as nuclear technology was in the twentieth (the horrors of which were vividly described in Nevil Shute’s *On the Beach* [1957]). The dangers arise from our inexorably growing understanding of the basic processes of life: biological knowledge irresponsibly applied means death.

Dr. K. Eric Drexler (1986) fears that nanotechnology could lead to a future in which self-assembling and self-replicating nanobots are in control and could reduce the biosphere to “gray goo.” Bill Joy thinks nanotechnology is so dangerous that it should be abandoned. The small but vocal Canadian Action Group on Erosion, Technology, and Concentration has called for a complete moratorium on the use of synthetic nanoparticles. Its concerns were picked up by the Prince of Wales, who is worried by reports of a “gray goo” threat. All these fears may be absurd. Dr. Richard E. Smalley, a passionate advocate of nanotechnology who believes that nanobots are impossible, said to Bill Joy: “I say get up and turn on the lights, Bill, because this nanobot future is just a silly nightmare.” Nevertheless, nanoparticles may have toxological risks. If inhaled, they could become lodged in the lungs and move to the blood and the brain.

There are three types of technology. The first is frightening from the start. When the first atom bomb was detonated at Alamogordo, New Mexico, in 1945, everybody knew about its terrible potential for destruction. There is a clear need for government regulation of this sort of technology. The second type, such as information technology (IT), is much more benign, although it has its drawbacks, such as the digital divide (the great inequality of access to IT) and threats to privacy. A minimum of regulation is needed. The third type of technology, such as biotechnology or nanotechnology, is in between: it has both promises and dangers. For example, one of the products of nanotechnology could be cheap and efficient photovoltaic materials, which are used to generate electricity from sunlight. There are numerous other potential uses of great promise, including the prolongation of our life span. People are divided about the degree of control needed for nano- and biotechnology.

## Terror and Error

I once organized a conference in Sri Lanka for the Society for International Development, to which I invited Ivan Illich and Arthur Clarke. After Arthur Clarke had described in glowing terms his technical utopia, in which everything is done by robots, Illich, who then was an ordained priest of the Catholic Church, said, “I would not like to make love to a robot.” Since then, I have read a book by Howard Rheingold (1991) on virtual reality and teledildonics, in which he predicts that we shall be literally “embracing technology.” Martin Rees, Britain’s Astronomer Royal and a professor at Cambridge University, has bet \$1,000 that an instance of bioterror or bioerror will take a million lives before the year 2020. He gives humanity’s survival in the twenty-first century a 50:50 chance. The book in which he discusses his concerns is called *Our Final Century* in Britain and *Our Final Hour* in the United States (Rees 2003); he wanted a question mark to appear at the end of the title, but his publishers ruled it out in order to gain a wider audience.

I do not want to scare anybody. It is important to distinguish between the role of a prophet and that of a forecaster. The prophet Jonah did not know the difference. He predicted the destruction of Nineveh because its people did not behave; when they took his warnings seriously and mended their ways, God spared them. Jonah was furious with God, however; he mistook the function of a prophet for that of a forecaster, and a warning for a prediction. On the other hand, prophets of doom cannot be wrong. If their forecasts turn out to be true, they can always say, “I told you so”; if not, they can say that people heeded their warnings and mended their ways.

Technological accidents—errors, not terror—have indeed occurred, from the Titanic in 1912, to the Challenger in 1986, to the shuttle Columbia in 2003. The nuclear accident on Three Mile Island in 1979, the fire at the Chernobyl nuclear plant in Ukraine in 1988, the explosion of a chemical factory in Toulouse in 2001, the sinking of the tanker *Prestige* off the coast of Spain in 2002 with the resulting oil spill are examples of errors. In the past disasters inflicted by environmental forces—floods, earthquakes, volcanoes, and hurricanes—were not uncommon. The obverse of technology’s immense prospects is an escalating variety of potential disasters, not just from malevolent intent but also from innocent inadvertence; in other words, disasters can be inflicted by human agency.

We are often blind to the ramifications of technological discoveries. Ernest Rutherford, the greatest nuclear physicist of his time, dismissed as “moonshine” the practical relevance of nuclear energy. The pioneers of radio regarded wireless transmission as a substitute for the telegraph (used mainly for ship-to-shore communication) rather than as a means for broadcasting entertainment to a wide public. Neither the great mathematician John von Neumann nor the IBM founder Thomas J. Watson envisaged the need for more than a few computers in the entire country (see Rees 2003).

## Suffering from Success

The unpredictability of the consequences of our inventions can lead to what may be called “suffering from success,” or second-generation problems. These are often wrongly attributed to faulty design or vested interests, but many difficulties are the result of the successful solution of previous problems. Scientific confidence asserts that there is a solution to every problem, but experience teaches us that there is a problem to every solution—and often more than one. Let me give a few examples.

The early emphasis on industrialization in the developing countries revealed agriculture as being behind the curve. It was the unexpected success of urban industrial growth that drew policy makers’ attention to the rural sector. The Green Revolution, in turn, spawned new difficulties relating to plant diseases, inequality, unemployment, and other second-generation problems. The reduction in mortality rates through cheap and efficient methods of modern death control—itself a welcome phenomenon—without correspondingly cheap and effective methods of birth control produced the problems arising from rapid population growth. We witnessed modern death rates while still being stuck with traditional birth rates. When family planning became successful, it produced the problems of aging societies: that is, the social and psychological problems of a world in which for many people their only kinsmen and kinswomen are their ancestors. This is a world with more lonely people without siblings, uncles, aunts, cousins, children, or grandchildren. Unemployment is partly the result of high productivity growth. Jobless growth (or jobless recovery) is surely to be welcomed, but only if it is combined with more leisure and an equal distribution of job opportunities. Education raises the aspirations of the educated and leads to movement to the cities, but if there are not enough jobs there, the result is educated unemployment. Higher education also contributes to the brain drain—to the emigration of skilled and professional manpower to more developed countries.

Edward Tenner has written about the revenge effects of technology. In his book, *Things Bite Back* (1996), he lists repeating, recomplicating, recongesting, regenerating, and rearranging effects. Repeating means that when the task is easier, it is demanded more often; spreadsheets would be an example. Recomplicating occurs when we need a telephone number, an access code, a credit card number, and voice mail to make a call. Recongesting occurs when an invention like the motor car, intended to get us more quickly from here to there, slows us down. For example, in 1978 Ivan Illich estimated that the average American drives 6,000 miles per year, for an overall average speed of 4 miles per hour (this is as fast as pedestrians and slower than bicycles). In order to pay for the costs associated with driving these 6,000 miles—such as gas, tolls, insurance, etc.—each driver must work 1,600 hours per year. Regenerating occurs when pest control regenerates pests; for example, Heptachlor and Mirex killed predators of fire ants, and DDT devastated wasps, the predators of Malaysian caterpillars, which caused devastation of certain plant species. Rearranging I can illustrate from a personal experience. Once I traveled from Massachusetts to North Carolina by rail in the middle

of a summer heat wave. The air-conditioning in the train broke, but the windows, secured in order to make the air-conditioning effective, could not be opened and people started to faint.

Charles Kenny (2003, 108) writes: “The railway was predicted to spark the dictatorship of the proletariat, the telegraph to engender world peace and the television to revolutionize education.” Advancements of various kinds lead to unintended consequences. Disaster control encourages people to occupy unsafe areas. Medicine has helped to cure acute illnesses and injuries, but chronic diseases are more common as a result. Miracle crops and new animals let loose in strange habitats have run wild. Forest fires have been reduced, but the unburned growth that then amasses makes fires worse when they do occur. Safer cars and sports equipment make people more reckless; the invention of a safer football helmet actually led to increased injuries because the new helmets increased the game’s aggressive possibilities. Neck and spine injuries tripled after the debut of football helmets. The telegraph, it was believed, would create stronger communal bonds; instead, it permitted greater dispersion. The airplane, it was guessed, would make the world smaller, leading to a new era of peace; instead it became an instrument of war.

Vacuum cleaners and washing machines were intended to free housewives’ time. They did so for working-class women, but not for middle-class housewives. Previously they had sent their dirty clothes to a laundry, but now they had to do the washing at home. The British economist Roy Harrod wrote a pamphlet after World War II entitled *Are These Hardships Necessary?* (1947). It was written from the point of view of the middle and upper classes and pointed out the difficulties of finding cheap and efficient home help. He ignored that the reverse side of these hardships was that the working classes had better options for work and higher incomes.

It is noteworthy that the safest part of the New Jersey turnpike is the crowded metropolitan portion north of New Brunswick. The more rural South Jersey section has twice the accident rate; congestion compels vigilance. Rivers get their own back on those who try to tame them. Dams silt up, river embankments encourage faster flows and more violent floods, and irrigation projects are plagued by bilharzia and salinity (as the water flushes harmful mineral salts to the surface of the soil, where they destroy its fertility).

The Principle of Opposite Effect states that most new policies contain something unexpected in them that tends to offset the original intention. Computers are not immune from this, and the Internet also follows the law of unintended consequences. The Internet was originally an effort by the Defense Advanced Research Projects Agency (DARPA) at the Pentagon to find a way for users of computers in one place to communicate with computers in other places. (DARPA is the same agency that proposed futures markets in terrorism. Mr. Poindexter of Watergate fame was the head of its Terrorism Information Awareness program.) Created under President Dwight D. Eisenhower, the initiative was one of many begun by the United States after the Russians



put Sputnik into orbit in 1957 and gave rise to the feeling, half true and half panic, that suddenly the Soviet Union was ahead of us in science (see Hafner and Lyon 1996).

There are technologies that are counterproductive in terms of their own aims. The troubles arise not from side effects, as in the case of nuclear energy, but when the very purpose of the invention is negated. It is rather like the prohibition of an obscene book leading to increased sales. I already mentioned cars that produce congestion and traffic jams. Medicine and hospitals cause iatrogenic illnesses; a recent article discusses how hospitals can make people sicker (Ballantyne 2007). Schools and universities make us stupid; George Orwell wrote about “The sort of thing that you could learn only at the university.” Prisons often produce more criminals; there are more recidivists than cured criminals, with 63 percent of freed prisoners jailed again within three years for serious crimes. Agriculture ruins the soil; irrigation produces salination and leads to soil erosion, and the use of fertilizer can poison the water and, later, human communities. Sanitation systems can cause pollution; filters for water purification turn out to be breeding grounds for bacteria and cause cancer. Antibiotics have removed the horror of some of the nineteenth century’s most feared infections, but they have also promoted the spread of even more virulent bacteria, including drug-resistant strains. Laparoscopy (when an instrument is inserted into the abdominal wall)

can produce postsurgical complications. Weapons that are intended to protect us are instead destructive. Insurance companies that insisted on second opinions before surgery in order to reduce the number of surgeries found that in fact more were performed. Speed limits and compulsory seat belts make drivers more reckless. Devaluation of the exchange rate can worsen the balance of payments. Tourism kills tourism: The barrier coral reefs in the Caribbean have been destroyed as a result of effluent; beaches in Thailand and many other places have become unsafe for bathing; skiing in the Alps has led to the destruction of trees. Voice mail, intended to save time, doubles the time required to complete a telephone call. Airplane seats are getting smaller as planes get larger. Suntan lotions can cause skin cancer. Cushioned running shoes, designed to protect the knees, do so at the expense of increasing stress on the hips.

In 1948 Paul Jennings wrote in the *Spectator* about “Resistentialism” (intended as a parody of existentialism): *Les choses sont contre nous*. He argued that “man’s increase in [an] illusionary domination over Things has been matched, *pari passu*, by the increasing hostility (and greater force) of the Things arrayed against him.”

## Six Concerns

After these general observations, let me turn to my six worries or concerns.

## 1. The Need for a Cultural Revolution

My first concern is about the impact of information technology on employment and income distribution. Skills and aptitudes are heavily stressed in the economics literature, but attitudes tend to be neglected. This is probably so because they are not easily measured. Compare eight ditch diggers with a computer operator in a bank. The former can be supervised, so that if anyone slacks, the supervisor admonishes him. Not so with the computer operator; he has to be responsible on his own. If there were a supervisor, he might just as well do the work himself. Thus, a different culture is needed. Advanced technology often means that a smaller number of skilled people supply services over a wider range of activities; this produces a “winner-take-all” effect, where only the best do well and these lucky few command enormous incomes. We witness this in sports, business, and entertainment. The invention of the phonograph did this for singers, and the invention of the motion picture did it for actors. Proliferating communications and information technology may do the same for many other occupations.

What is the impact of this situation on employment and unemployment? Many predict growing unemployment of low-skilled workers, but education, leisure activities, and caring for the needy are providing new job opportunities. Some of these can perhaps be replaced by electronic teaching, monitoring, etc., but if attitudes and commitment are more important than skills, a cultural change is needed. Are those with low skills no longer wanted? It is not clear that our society could not use plenty of health care workers, nurses, child care workers, special education teachers, home health care aides, manicurists, gardeners, plumbers, sweepers, protectors and restorers of the environment, valet parking attendants, janitors, cleaners, waiters, salesmen, physical training instructors, musicians, designers, and other service workers who do not need the high and scarce skills demanded by modern technology and whose services cannot be replaced by either computers or imported low-cost goods from low-income countries (though imported low-cost labor from poor countries should be welcomed). In fact, it is precisely for those jobs that cannot be replaced by computers that the demand is likely to increase in the future. The Bureau of Labor Statistics considers many of these jobs as likely to be the fastest growing over the next decade (U.S. Department of Labor 2008). Many of these jobs are, however, in the currently despised and neglected public sector and may call for even more despised higher taxation; in addition, they are often ill-paid and not recognized as valuable. We need to change our valuation of such work and should guarantee minimum standards of reward for them.

Kurt Vonnegut, in his novel *Player Piano* (1952), describes a future nightmare society (a dystopia, or as Jeremy Bentham called it, a cacotopia) in which the “divine right of machines”—efficiency and organization—has triumphed; the large underclass of unemployed are given, by a small group of affluent managers, plenty of goodies, but they lack what John Rawls regards as “perhaps the most important primary good”: self-respect. Unemployment means loss of dignity, which is at least as important as

income. Vonnegut's unemployed eventually revolt. What deprived the underclass of self-respect was the fact that it was an

"equality of opportunity" society. IQ tests decided who became a manager, and it took a manager to lead the revolt. Were you to allocate jobs by a lottery or the accident of birth, there would be no problem with selfrespect.

The concern in the advanced countries has become jobless growth or, more recently, jobless recovery. In fact, economic growth, whether measured in terms of overall productivity or productivity in manufacturing, has been considerably slower since 1981 than it was in the 1960s, when growth was not accompanied by unemployment. Since the growth of productivity has been less than the growth of demand, one would have expected jobs to be created rather than destroyed.

Is it luck in the genetic lottery (nature) or family and other environmental factors (nurture) that determines our success or failure in life? Is inequality of income, wealth, and dignity due to genes? Ronald Dore (2004) says we should reward effort, not the genetically "bright and beautiful." Some comfort for those concerned about growing inequality can be found in the words of Dr. Tina Cary, former president of the American Society of Photogrammetry and Remote Sensing in Maryland. She writes:

For those of us who are not Luddites, another question arises: will changes in information technology necessarily widen the gap in wages between the haves and have-nots? Given that some computer programs available today make medical diagnoses identical to those of qualified physicians, we may find that computers can also lower wages for skilled work, not only for unskilled work. If computers take on such work as accounting and law, the result might be a lessening in the gap in wages! Another aspect of this is that information technology allows jobs to move more freely, so that the programmer or data entry person can live anywhere. (Cary 1997)

## 2. The Electronic Nightmare

We now have at our disposal cheap, super-efficient means of surveillance; however, electronically stored information is more difficult to keep under lock and key than paper records that are stored in secure facilities. Hence, the *means* for more totalitarian control are at hand. Civil liberties groups have disputed the FBI's proposal to widen the scope of the National Crime Information Center. It could contain inaccurate or subjective data, raise security problems, and lead to false leads, and it violates the right to privacy in the interest of greater security.

Information is power. Tiny microphones are now capable of recording whispered conversations from across the street. Conversations can even be monitored from the normally imperceptible vibrations of window glass. Cameras the size of large wasps can be flown into a room and record everything. Fortunately, the same technology that is destroying privacy also makes it easier to discover terrorists, trap stalkers, detect fraud, prosecute criminals, and hold the government to account. There are bound to

be tradeoffs between privacy, on the one hand, and security, efficiency, convenience, and liberty on the other:

Each benefit—more security against terrorists or criminals, better government services, higher productivity at work, better medical care, a wider selection of products, more convenience, more entertainment—will seem worth the surrender of a bit more personal information, or a marginal increase in monitoring. Yet the cumulative effect of these bargains, each seemingly attractive on its own, will be the relentless destruction of privacy.<sup>2</sup>

Both government and the private sector are hungry for more information.

David Brin, the American physicist and science fiction writer, proposes the complete abolition of privacy and full transparency. In his book *The Transparent Society*, he writes, “Light is going to shine into nearly every corner of our lives” (Brin 1998, 9). Attempts to protect privacy usually benefit only the rich and powerful or the government. Let everyone have access to databases, peer through CCTV (closed circuit television) cameras, and listen in on conversations. “Mutually assured surveillance,” Brin argues, would see to it that most people would not abuse their access to information. He argues for complete openness, for “reciprocal transparency.” For example, if police cameras watch us, we should be able to watch them. The biggest threat to freedom is that surveillance technology will be used by too few, not by too many. Citizens should have the power to watch the watchers.

Brin’s position is supported by economists who attribute many inefficiencies to asymmetric information flows. If the flow were symmetric, a general improvement in which everyone gains would follow. Examples of the inefficiencies that arise from asymmetric information are wars that are caused by one side miscalculating the other’s power or determination; going to trial despite the high costs of doing so, which the litigants then incur; the collapse of mutually beneficial negotiations due to one party fearing a settlement proposal is based on information not known to them and, therefore, more beneficial to the other party. Most people are unwilling to open up completely, however, so that situations of information asymmetry, and the resulting inefficiencies, frequently occur. In the film *The Truman Show* (1998, dir. Peter Weir) the hero abandons the only life he knows to evade the pitiless gaze of the cameras, having discovered that he has been the subject of a reality television show since birth—an illustration of people’s unwillingness to open up.

More recently, however, as a result of the spread of mobile telephones, digital cameras, and the Internet, surveillance technology has become widely available. Bruce Schneider, a security expert, has written that “surveillance abilities that used to be limited to governments are now, or soon will be, in the hands of everyone.”<sup>3</sup> There are, however, drawbacks to the wide spread of surveillance. It has led to the invasion of hidden cameras in bedrooms, showers, restrooms, and locker rooms; industrial espionage;

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<sup>2</sup> “No Hiding Place,” *Economist*, January 23, 2003.

<sup>3</sup> Quoted in “Move Over, Big Brother,” *Economist Technology Quarterly*, December 4, 2004, 31.

and identity theft. As the *Economist* concludes its discussion, “Increasingly, it is not just Big Brother who is watching—but lots of little brothers, too”<sup>4</sup>

### 3. The Frankenstein Nightmare

Mary Shelley’s *Frankenstein* (1818) is perhaps the most influential piece of science fiction ever written. The book’s subtitle is “The Modern Prometheus.” Prometheus stole fire from heaven and gave it to mankind; he was punished because in doing so he gave mankind power and, with it, choice. Likewise, Shelley’s doctor seeks to replicate the divine act of creation—that is, the belief that God created all life—and fails. In the near future, through advancements in biotechnology, we may have the power to manipulate human life.<sup>5</sup>

Should biotechnologists be allowed to alter the genetic structure of human beings? Should pharmacologists be free to change our psychological make-up? There can be no objection if these developments eliminate genetic diseases. But how are human rights and human integrity affected by the ability to shape the structure of humans? The dangers of nuclear energy are obvious and, therefore, so is the need for regulation. The dangers of biotechnology, however, are less self-evident. The promise of a longer life, of freedom from depression and a guarantee of happiness (Prozac is like soma in Aldous Huxley’s *Brave New World*), and social control (for example, Ritalin used to calm hyperactive children) are temptations. But what are the costs of these treatments? Are these psychotropic drugs forerunners of pharmacologically altered states of mind? While science is closer to realizing pharmacological changes than genetic ones, the ability to manipulate the human genome is likely to be reached soon, as evidenced by the rapid progress in this area since the middle of the last century. In 1944 Oswald Avery, Colin MacLeod, and Maclyn McCarthy of Rockefeller University determined that DNA (deoxyribose nucleic acid) carried the hereditary blueprint; in 1953 Crick and Watson discovered the double helix—the molecular structure of DNA. In the 1960s tadpoles were cloned in Britain. In 1970 scientists developed proteins that cut DNA in precise locations, and in 1973 Stanley Cohen and Herbert Boyer of Stanford University and the University of California at San Francisco snipped a piece of the genetic code out of one bacterium and inserted it in another. The result was a rust-colored pig that contained the gene of a cow. The first transgenic animals (mice) were developed in 1981, and in 1986 it was determined that not only microbes but also higher life forms can be patented. In 1988 Harvard University patented a mouse. In 1997 Ian Wilmut cloned a sheep called Dolly (Dolly died in March 2003), and in 2000 a pig was cloned with organ harvesting as the goal. In 2002 the Raelian movement—a cult led by Rael, a French journalist formerly known as Claude Vorihon—and the company Clonaid claimed to have created the first cloned baby, Eve. In 2003 a mule was cloned in Idaho.

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<sup>4</sup> Ibid., 34.

<sup>5</sup> See “Survey of Biotechnology,” *Economist*, March 29, 2003.

In February 2004 South Korean scientists created human embryos through cloning and extracted embryonic stem cells that hold great promise for medical research. The work was led by Dr. Woo Suk Hwang and Dr. Shin Yong Moon of Seoul National University. The purpose, according to the scientists, is not to clone human beings but to advance understanding of the causes and treatment of disease. In 2004 Dr. Gerald Schatten of the University of Pittsburgh School of Medicine claimed he would soon be able to clone a monkey, and in 2007 Shoukhrat Mitalipov and his colleagues at the Oregon Health and Science University's National Primate Research Center reported that they had cloned monkey embryos and extracted stem cells (Byrne et al. 2007).

In cloning—or somatic cell nuclear transfer (SCNT)—a cell from an adult animal is placed inside an egg that has had its own genetic material removed. The DNA of the donor cell can then take control of the egg, eventually forming an embryo. Some fear that cloning could lead to birth defects or, alternatively, an era of “designer babies.” Some opponents of the use of such genetic technology believe that children should not be designed in advance, that newborns should be truly new, without the burden of genetic identity already lived; that a society in which cloning is easy (requiring few cells from anywhere in the body) means anyone could be cloned without knowledge or consent; and that replacing lost individuals with “copies” is an insult to those lost, since it denies the uniqueness and sacredness of their existence (Cohen and Kristol 2001). Critics argue that cloning carries high risks of bodily harm to the cloned child. It threatens the dignity of human procreation, giving one generation unprecedented genetic control over the next. It is the first step toward a eugenic world in which children become objects of manipulation and products of will. The opposition to cloning relies, however, on the ambiguous distinction between the natural and unnatural. Is cloning different from the introduction of antibiotics, vaccinations, efficient agriculture, or the abolition of slavery?

What if cloning produces a healthy child? *Star Wars* featured an army of clones derived from the genes of an aggressive bounty hunter, modified to ensure willingness to follow military orders. The image of a horde of unthinking, cloned attackers is a classic science fiction nightmare. But producing such an army with today's techniques would require a huge number of women to supply the eggs and bear the fetal clones to term, a problem that is often glossed over in horror stories. Cloning practiced widely in this way might eliminate the need for men (women could bear children asexually), or it might lead to an excess of men in cultures that revere males. And it might reduce the genetic diversity that comes from mingling genes in sexual reproduction.

Critics fear that cloning could usher in a new form of eugenics. The Council of Europe and the United Nations have declared human reproductive cloning a violation of human rights, and in 2002 the President's Council on Bioethics expressed concern that producing children through cloning could disrupt the normal relationship between generations and within families, could turn children into manufactured products rather than independent beings, and could put undue pressure on a cloned child living in the shadow of a genetically identical adult (Boffey 2003). But like the war on drugs,

bans on supply will not cut off the demand. During cloning retroviruses—which stitch foreign genes into human DNA—must be disarmed; however, there is a possibility that these disarmed viruses could become active, resulting in a pandemic holocaust. Just as pharmaceutical regulation is driven by horror stories like the sulfanilamide elixir and thalidomide, the regulation of cloning may not be introduced until the birth of a horribly deformed baby.

Many embrace the power to clone under the banner of human freedom: freedom of parents to choose the kind of children they have, freedom of scientists to pursue research, and freedom of entrepreneurs to make use of technology to create wealth. Francis Fukuyama (2002) argues that widely used biotechnology could create a posthuman world that is far more hierarchical and characterized by social conflict. Fukuyama envisions a world in which human genes will have been mixed with those of many other species and our shared humanity would be lost; people would live to be two hundred years old. Or, alternatively, the world could be one of soft tyranny like that envisaged in Huxley's *Brave New World*.

“‘Geneism’ could eclipse racism as the most destructive force on the planet,” argues George Annas, professor of health law at Boston University (qtd. in McKibben 2003, 37). Once some of us are enhanced genetically, “won’t we see other people as subhuman, and enslave or slaughter them?” (McKibben 2003, 37). And if only the rich can afford genetic modification, humanity would be split into hereditary castes. The success of the successful would seem “undeserved.” Bill McKibben regards the genetically engineered genius as a robot. Although it is an uncomfortable thought, one may ask, Why should we prefer the unintentionally mixed genes to planned ones? We believe that a person who has been programmed to make certain choices is not truly free, but our own haphazard genetic endowment, upbringing, and education determine our identity in exactly the same way. Why are planned reactions worse than those caused by chance?

Will the posthuman world be free, equal, prosperous, caring, and compassionate, with better health care, longer life spans, and more intelligence than today’s? Or will it be more hierarchical and competitive, and full of social conflict? Or will it resemble Huxley’s *Brave New World*, in which everyone is healthy and happy but has forgotten the meaning of hope, fear, or struggle (Fukuyama 2002)? Already today, the ability to predict the sex of a fetus has led to unbalanced sex ratios and a surplus of men in parts of Asia, where girls are often aborted. Amartya Sen (1990) estimated that over 100 million women are missing, mostly in Asia, and some argue that an excess of men leads to crime and aggression.

There is the possibility that biotechnology will permit the emergence of new genetic elite classes—but the opposite is also possible. People in democratic societies would not tolerate the stratification and would demand that the genetic bottom be raised. Unlike the old eugenics, which prevented the subnormal from having children, here the state would enhance the abilities of children. We can envisage a state of affairs with “genetic alteration or gene splicing, whereby parents who are five feet tall and bald can give birth to a six-footer with long blond hair” (Atwood 2003). Biogenetic interventions

could blur the borderline between the made and the spontaneous and thus affect the way we understand ourselves:

For an adolescent to learn that his “spontaneous” (say, aggressive or peaceful) disposition is the result of a deliberate external intervention into his genetic code will undermine the heart of his identity, putting paid to the notion that we develop our moral being through *Bildung*, the painful struggle to educate our natural dispositions..... Such interventions

will give rise to asymmetrical relations between those who are “spontaneously” human and those whose characters have been manipulated: some individuals will be the privileged “creators” of others. (Zizek 2003, 3)

It is possible to rear genetically improved children who will show horrible effects from the genetic manipulation only after twenty years. C. S. Lewis, in *The Abolition of Man* (1944), was considering what “Man’s power over Nature” must always and essentially be:

Each new power won by man is a power over man as well..... The final stage is come when Man by eugenics, by pre-natal conditioning, and by an education and propaganda based on a perfect applied psychology, has obtained full control over himself ... The battle will indeed be won. But who, precisely, will have won it? For the power of Man to make himself what he pleases means ... the power of some men to make other men what they please. (68–70)

Stem cell research, which utilizes excess embryos from in vitro fertilization to treat diseases like Parkinson’s, Alzheimer’s, and diabetes, is generally met with approval; there are some who argue that the creation of embryos by cloning is similar to in vitro fertilization.

Perhaps more worrisome than genetics are new capabilities of neuroscience in operating on the brain. As reported in an article in the *Economist*, neuroscientists researching treatments for depression stimulated the brains of women in ways that caused pleasurable feelings. The subjects were not harmed—indeed, the symptoms of their depression disappeared, at least temporarily; however, the women quickly fell in love with the experimenters, a result that may be a greater threat to human dignity and human autonomy than cloning.<sup>6</sup> Advancements in neuroscience are also capable of “enhancing” human beings. Some worry that society will be turned into a homogeneous mass, while others are worried by the opposite: that society will be divided into the privileged and the unenhanced, reminiscent of Huxley’s alphas, betas, gammas, and epsilons. Drugs to combat shyness, forgetfulness, sleepiness, and stress are now close to clinical trials. How is free will affected by these possibilities? The same question arises that was raised earlier: What is the difference between random, unintentional conditioning and intentional conditioning? We tend to condemn the second but praise the first. Hard work and natural talent are considered “part of me,” while using a drug

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<sup>6</sup> “The Future of Mind Control,” *Economist*, May 23, 2002, 14.



is “artificial” enhancement because it is a form of external manipulation (Zizek 2003, 5).

Social control can be used not only by the state but also by parents, teachers, school systems, and others with vested interests in how people behave. The fear has been expressed that biotechnology will cause us to lose our humanity. The picture has been painted of brainless hominoids whose organs will be harvested as spare parts (using stem cells to grow a replacement organ is already an acceptable alternative to transplant surgery). In May 2002 scientists at New York University attached a computer chip directly to a rat’s brain, making it possible to steer the rat by means of a mechanism similar to that in a remote-controlled toy car. Zizek (2003) reported that Philips plans to market a phone-cum-CD- player woven into the material of a jacket. The Philips jacket will represent a quasi-organic prosthesis, less an external apparatus with which we interact than part of our self-experience as a living organism.

There are some who predict the extension of life without maintaining the quality of life, with more and more dependents at a growing cost to society. Aubrey de Grey of Cambridge University predicts life expectancy in 2100 will be five thousand years; or course, none of us will be around to check whether he is right (Kristof 2003). We must remember, however, that although Odysseus was offered immortality by the goddess Calypso, he turned her down in order to grow old and die with his wife Penelope.

#### **4. The Terrorist’s Atom Bomb in the Suitcase**

Some claim that the threat of atomic apocalypse has been replaced by fear of an environmental catastrophe, unstoppable human-engineered viruses, rampaging mutant genes, and neurologically altered posthuman beings. However, technical developments have greatly amplified the damage terrorists can do. Nuclear power plants can be sabotaged, and nuclear weapons technology is proliferating. The prophets of the benefits of nuclear power overlooked the problems of the disposal of nuclear waste.

In order to prevent these hazards, must our freedom be restricted? When I served on the British Royal Commission on the Environment in the early 1970s, we were worried that our freedom and civil rights and liberties may be threatened through measures intended to prevent attacks on nuclear power stations. We are seeing a similar situation today, and so we must ask, How much should a democratic society risk in order to preserve the freedom of unharassed dissent? In his 1999 book *The New Terrorism*, Walter Laqueur predicted that Washington’s global interventionism had magnified the chances that a U.S. city would become the target of mega-terrorism. The pervading fear of an attack, even without its taking place, multiplies greatly the damage done by an actual attack.

The threat of terrorist attacks comes not from nations but from subnational groups. Technical developments have amplified the damage terrorists can do. According to a 1993 article in the *Economist*,

To make an atom bomb, a terrorist or would-be proliferator would need to get hold of only 5 kg of weapon-grade plutonium or 15 kg of weapon-grade uranium, less than you would need to fill a fruit bowl. At present [in 1993] the world probably contains about 250 tonnes of this sort of plutonium and 1500 tonnes of the uranium. To lose one bomb's worth from this stock is the equivalent of losing a single word from one of three copies of the *Economist*.<sup>7</sup>

According to General Alexander Lebed, before its collapse the Soviet Union had produced suitcase-sized nuclear weapons, easily transported anywhere (Sublette 2002). "Loose nukes" can easily find their way into the hands of Al Qaeda or any other terrorist group. A nuclear explosion at the World Trade Center, involving two grapefruit-sized lumps of enriched uranium, would have devastated three square miles of southern Manhattan, including the whole of Wall Street, and killed hundreds of thousands if it went off during working hours (Rees 2003). Martin Rees, Britain's Astronomer Royal, writes that the collapse of the Soviet Union has left the world awash in enough raw materials—enriched uranium and plutonium—for some 70,000 bombs. In addition to the dangers of nuclear proliferation, chemical and biological weapons such as anthrax or smallpox threaten millions, not hundreds or thousands. Knowledge about them and the techniques of their use are dispersed among hospital laboratories, agricultural research institutes, and peaceful factories everywhere.

If the terrorists (or freedom fighters, as they consider themselves) are not afraid to die—they indeed court death—for their cause and the greater glory of Allah, what use is the threat of counterattacks? According to their beliefs, attacks from the West will just lead to more martyrs, who will go to Allah's heaven where thirty black-eyed virgins are waiting for each of them. Instead, we shall have to remove the cause of their hostility if we want lasting peace, but this is a very slow process if we don't want to give up our own principles.

Susan Sontag, writing about the September 11 attacks, said "In the matter of courage (a morally neutral virtue): whatever may be said of the perpetrators of Tuesday's slaughter, they were not cowards" (Sontag 2001). Sontag was publicly criticized for her response to the attacks; she was called "morally obtuse" and a prime example of the hate-America crowd. These criticisms are unjustified, however. I agree with her statement, although I believe there are no morally neutral virtues. Courage is an instrumental virtue and is therefore judged partly by the ends it serves. A virtue is by definition good, not neutral, and courage is in itself good, though, if combined with other qualities and if serving evil ends, it can be bad or lead to deplorable results.

## 5. Cyber-Terror and Cyber-Error

There was at first considerable suspicion that the largest blackout in U.S. history, on August 14–15, 2003, was caused by terrorists or sabotage. This could easily have

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<sup>7</sup> "How to Steal an Atomic Bomb," *Economist*, June 5, 1993, 15.

been the case; cell phones, municipal water systems, and the Internet operate on similar principles. Imagine terrorists break into computers that control the water supply of a large American city, open and close valves to contaminate the water with untreated sewage or toxic chemicals, and then release it in a devastating flood. As the emergency services struggle to respond, the terrorists strike again, shutting down the telephone network and electrical power grid with just a few mouse clicks. Businesses are paralyzed, hospitals are overwhelmed, and roads are gridlocked as people try to flee. Lamar Smith, a Texas congressman, told a judiciary committee in February 2002: “A mouse can be just as dangerous as a bullet or a bomb.” Control systems are usually kept entirely separate from other systems, however, making cyberterrorism more difficult to perpetrate than some might assume: “A simulation carried out in August [2002] by the United States Naval War College in conjunction with Gartner, a consultancy [firm], concluded that an ‘electronic Pearl Harbour’ attack on America’s critical infrastructure could indeed cause serious disruption but would first need five years of preparation and \$200 million of funding”<sup>8</sup>

## 6. Our “Final” Experiment?

Physicists attempt to accelerate atoms close to the speed of light and then crash them together. Some physicists raise the possibility that these experiments could start a chain reaction that might destroy the earth or even, by tearing the fabric of space, the universe. Imagine a very tiny risk of an utterly calamitous outcome—that is, low-probability, high-cost catastrophes. For example, an asteroid colliding with the earth could cause the extinction of mankind. Although such events deserve the same attention as higher-probability, lower-cost disasters, they do not get it. The reasons are partly that politicians have short time horizons and partly that any one country hopes to take a free ride on others taking action in disasters that affect several countries.

Society has become more dependent on big, complicated entities like the electrical power grid, the Web, and the air-traffic control system. Professor Charles Perrow, author of *Normal Accidents: Living with High-Risk Technologies* (1999), predicts that the next major accident will be in air traffic control. The trend within the high-tech industry has been to hire managers who have training in soft skills like human relations but who lack technical understanding that is vital in running complex systems. These are regarded as dull chores.

Three different disaster scenarios from collision with a high concentration of energy can be envisaged.

1. A black hole may be created that sucks in everything around it.
2. The quarks (each proton and neutron consists of three quarks) reassemble themselves into a compressed object called a strangelet. By contagion, it transforms

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<sup>8</sup> “The Mouse that Might Roar,” *Economist*, November 1, 2002.

everything it encounters into a strange new form of matter. (Kurt Vonnegut's novel *Cat's Cradle* envisaged such a form in "Ice-nine.") A strangelet disaster could transform the entire planet earth into an inert hyperdense sphere about one hundred meters across.

3. A catastrophe that engulfs space itself. When particles crash together this could trigger a "phase transition" that would rip the fabric of space itself affecting the entire galaxy and beyond.

Arthur Koestler (1949) wrote that man had now acquired the means to destroy the planet. Evolution had granted him a technological capacity far in excess of his spiritual capabilities; "Thus within the foreseeable future, man will either destroy himself or take off for the stars."

## Conclusion

### Accountability of Representatives

As technology becomes more arcane and specialized, political decisions require training and understanding usually confined to very small circles. Questions such as what is the correct missile system or how much should the exchange rate be varied (or left to market forces) are highly technical. Must then technocracy replace democracy? If so, how can technocrats be made socially sensitive and politically accountable? Or are we to be delivered into the hands of what C. Wright Mills called "technological crackpots"?

### Should Prometheus Be Restrained?

The motto of our times is "If it can be done, we should do it." Yet we may ask ourselves whether we should try to halt, or slow down, or police technical change to avoid some of its potential dangers. If a country is dependent on international trade, it is necessary for it to be at the frontiers of technical knowledge; defense is another imperative. But assume these two necessities are removed. Assume that we have a system of global control of arms. Would we then choose to halt or slow down the production of technical knowledge? Or is the Promethean instinct too strong? We apply cost-benefit analysis in other fields; why not here? This analysis would reveal that our progress can have harmful impacts on the exports of developing countries. We could, instead, apply the Promethean instinct to beauty and artistic creation. Yet, there is much less money spent on the theater, architecture, and painting than technological advancements.

We are left, then, with two questions: Can technological progress be controlled? Should it be controlled? In spite of opinions to the contrary, it surely can. The current societal mood is against government control, but the speed and scope of technological

development can surely be controlled. Even in the present climate, nuclear weapons and nuclear power, ballistic missiles, biological and chemical warfare agents, replacement of human body parts, and neuropharmacological drugs cannot be freely developed or traded internationally. They may require further international controls, however.

## **Note on the “Precautionary Principle”**

There are two points of view when we face risk and uncertainties in our research. One is based on the precautionary principle. The precautionary principle says when there is any risk of a major disaster, no action should be permitted that increases the risk. If, as so often happens, an action promises to bring substantial benefits together with some risk of a major disaster, no balancing of benefits against risks is to be allowed. Any action carrying a risk of a major disaster must be prohibited, regardless of the costs of prohibition.

The opposing point of view holds that risks are unavoidable, that no possible course of action or inaction will eliminate risks, and that a prudent course of action must be based on a balancing of risks against benefits and costs. In particular, when any prohibition of dangerous science and technology is contemplated, one of the costs that must be considered is the cost to human freedom. Freeman Dyson calls the first point of view precautionary, the second libertarian.

Wilfred Beckerman summarizes the precautionary principle in the following way: “It is asserted that faced with a possibility, however remote, of some catastrophic development, prudent policy demands that whatever action is required to prevent it be taken” (1996, 100). This implies that the required action has to be taken, however high the costs. He uses the following illustration: When we buy a padlock to prevent our bicycle being stolen, we compare the value of the bicycle with the chances of theft and the costs of the padlock. If the bicycle is worthless and the cost of the padlock is very high, we don’t buy it.

To apply the precautionary principle means that irrespective of the chances of future loss, the scale of the loss, and the costs of preventing it, one must incur these costs. We have the choice between (1) accepting some remote and unquantifiable possibility of severe effects and (2) certain catastrophe if draconian policies are adopted to avoid it. The economic costs of avoiding all conceivable possibilities of a catastrophe could be astronomic. Pascal’s Wager is an extreme version of the precautionary principle.

## **Notes**

A version of this chapter was delivered as the Pardee Lectures at Boston University in October 2003. I am greatly indebted to the Pardee Center and its director, David Fromkin. I am indebted to Ronald Dore for the idea of this essay and some of the themes.

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# 11. Africa's Violent Conflicts and Universal Solidarity: The Moral Burden of Responding to Urgent Need

Chloe Schwenke

## Introduction

Denis Goulet, in almost an aside in his famous book *Development Ethics*, wondered whether “the explosive release of ancient ethnic, racial and linguistic passions” would “destroy all possibilities of genuine development founded on universal solidarity” (Goulet 1995, 142). The realities of recent violent conflicts in Africa may have led some to question whether “development” will ever be achieved, and such conflicts have certainly shaken the premise of universal solidarity that Goulet envisioned as a moral driver of global development. As recent history tragically relates, the assault on the ideal of global solidarity has been comprehensive:

But whereas in 1988 a million dead Africans was a figure that could still shock, today the two million southern Sudanese corpses have been submerged by a tidal wave of death that has washed over Africa in the aftermath of the cold war and the dissolution of the post-colonial states.

A million dead in Somalia; another million slaughtered in Rwanda; up to three million killed in Congo; hundreds of thousands killed in smaller wars in Sierra Leone, Liberia, Angola, Eritrea and Ethiopia; not to mention 17 million dead of AIDS and untold millions felled even in relatively safe countries like Kenya by the everyday scourges of crime and disease. All of this has taken place in the last fifteen years. Even for Africans, it has become a blur. As for the West, we have shut our eyes. (Scroggins 2004, 351)

The violent conflicts of Africa involve death, suffering, trauma, and desperation at a scale and intensity that statistics fail to convey. Even the data is flawed. We will never know the precise number and exact fate of the multitude of victims of such conflicts; we will never be able to measure their loss, or weigh their trauma. The exposure that we in the West—or, in the language of development, “the North”—receive leaves



us astounded, uncomprehending. Many of us shut our eyes or sadly conclude that nothing can be done commensurate to the awful need. The innocent, the infants, the elderly, the pregnant, the child soldiers—the many extremely vulnerable victims of such conflicts will not be reached, or if they are reached, they will be assisted too late, with too little, to too little effect. Others take a more detached, self-interested view: “If Africa couldn’t be saved in a very short time and at very little cost, then to hell with it—anyone who went there must be a saint” (Scroggins 2004, 344). Are we morally justified in shutting our eyes, in arguing that for most of us, Africa is very far away and the primary moral responsibility of others? Are Africa’s conflicts arising out of value systems fundamentally different than those of the North, rendering us morally remote and in that sense disqualified to intervene? After all, even in our own histories, many acclaimed “freedom fighters” would have been remembered as “terrorists” had their side not prevailed.

Joseph Kony would claim, as he told the interviewer during a rare recent video production, that he is not a terrorist (Wasike 2006). He would even say, as he said then, that he is a human being just like you or me; he too wants peace. His message becomes rather more complicated when he argues that “I am fighting for peace” (Wasike 2006). Yet as Goulet noted wisely, “One’s ethical stance on ends is dramatically revealed in the means one adopts to pursue them” (Goulet 1995, 12). By whatever universal standards of sanity and civility, the means that Joseph Kony employs to pursue his unclear goals are either evil or the product of a madman. The activities of this messianic figure and his now diminished but still powerful self-styled insurgency—the Lord’s Resistance Army (LRA)—have been truly gruesome:

LRA rebels mutilate, abduct children, and commit rape and other acts of sexual violence against women and girls. The LRA routinely cuts off lips, ears, and breasts; gouges eyes, and amputates limbs. Many of these mutilations are carried out to prevent “betrayals.” Killings of civilians are widespread. Women are forced to lie on their backs, and their throats are cut. (Pham et al. 2005, 17)

What do the “routine” brutalities and excesses of a madman and his followers in the far north of Uganda have to do with universal solidarity or, in particular, with the ethical obligations of those of us in the North, who are far more familiar with framing these obligations in the context of international development or international relief? Who bears the moral burdens of preventing, relieving, stopping, and cleaning up after such conflicts and meeting the urgent needs that arise because of them?

## Development versus Relief

Before contemplating the moral implications of conflict as a separate phenomenon, it is helpful to consider the extensive moral reflections in the literature and practice of development ethics directed at both relief and development. To those in the international development community, different ethical factors define the conceptual (and

often institutional) line between “development” and “relief” (or “humanitarian assistance”). Moral presumptions and available options differ significantly depending on which side of the development-relief line one is situated. Interventions intended to prevent violent conflict may come close to crossing that line, but when significant levels of violence erupt, there is very little or no room for more traditional “development.”

From an ethics perspective, how does our thinking about international development change when governance crumbles and all social order is gone? Important moral ideals lose their foundation during times of violent conflict; any semblance of public morality is lost, and many people’s actions demonstrate that life is of little value. Any notion of “human dignity” becomes an absurdity. In this morally turbulent time, relief workers move in, and they hold very different assumptions than development specialists as to what constitutes “effectiveness.” Does the shift away from development to relief, and the dissolution of the various means that were being used to pursue development goals, render those earlier development goals simply inoperative or irrelevant? Do we wipe the slate clean?

A practical division of labor has long existed between the international development community and the international relief community. In times of extreme crisis, such as when widespread and poorly controlled fighting erupts, development work ceases; the risks are much too high, and the prospects of achieving or even sustaining any development goals are negligible under such circumstances. In the place of those working for development comes a quiet (and always too small) contingent of emergency relief personnel. The enormous sacrifices of these relief workers demonstrate high moral ideals and intense commitment. Yet how different are the central moral concepts of relief and development?

The ethical mandate of relief work is less expansive than that of development work. Emergency relief workers, their institutions, and those who support them operate from a very basic human moral response—to offer urgent care and assistance to all in need, to respect the value of each life, and to treat all persons as moral equals. Relief workers struggle to keep as many people as possible both alive and safe; they seek to help the victims of conflict take the tentative first steps in reconstructing their family and community structures and to regain some viable form of livelihood. They show solidarity with those who suffer by coming to these dangerous environments, living simply, and working exceptionally long hours under extreme conditions. By this example, they create—at least for some brief time—a microcosm of a “global community.” Their “universal solidarity” is tangible, yet relief workers also unintentionally and unavoidably come to represent two troubling moral messages. The first is that the outside world cares, but only so much. The second is that relief workers in conflict zones are living *their* moral values and have no time or capacity to ascertain and respond to moral values of the *victims*. In offering assistance to vulnerable populations, relief workers expect victims to trust them and their values.

The first assertion—that there is a paucity in the caring and concern of the North for those in Africa—is demonstrated in every crisis, from natural disasters to violent

conflicts. There are never enough relief workers and supplies available to satisfy the needs of affected populations, and relief workers who do come, do so too late and leave too early. The second assertion is that there is an inequitable power relationship that is inescapable, as with any victim and caregiver relationship. The victim is a victim because he or she is no longer able to meet basic needs independently; therefore, a victim must trust in the generosity, care, and competence of the caregiver. This relationship between disempowered victim and external caregiver directly raises the more complex moral questions common to relief work: Who ought to set the relief initiative's goals and the means to achieve them? Who ought to provide these means (relief workers, emergency supplies, food, logistical support), and how much is enough? Is it right to rush relief into a conflict zone if it enables the warring parties to prolong the conflict?

Even more fundamental than these moral questions concerning the means applied to relief efforts is the critical "who ought" question: Who is morally obliged to shoulder the relief and reconstruction burden and to establish the essential conditions for justice? When an outsider comes in and takes up the relief burden, does this relieve whatever government remains (or emerges) from moral responsibility to perform basic governance functions? And what about when relief stretches into years or decades, as until recently was the case in northern Uganda, which ultimately took the form of compulsory resettlement of the affected civilian population into underserviced "internally displaced persons" (IDP) camps? In Uganda, the living conditions in such camps were appalling, yet whole generations grew up there with no other experience. Making life in the camps more humane was impossible under levels of aid made available during those long years; the quantity of relief available from outsiders was small relative to the need, and the ability or commitment of the Ugandan government to care for these victims of the war was wholly inadequate. But who is obliged to respond?

In the moral division of labor advocated by Robert Goodin, the burden to assist victims of such crises falls to those who are most capable of helping. He argues that those "who are closest at hand are usually the best situated to *know* what is needed, and they are usually the best situated to *act efficaciously* to do what is needed" (Goodin 2003, 75; emphasis in the original). When violent conflict first emerges, and the relief operations begin, what becomes of that other important moral resource—namely, the many actors (domestic and international) of earlier development programs? What happens to the energy, ideals, and commitments that propelled these development efforts? Some development specialists, and the programs and institutions they represent, continue to keep hope alive by applying their extensive knowledge of the country to become advocates both to ensure that relief efforts receive the level and quality of support needed and to chart a path for the fastest possible return to a sustainable, genuine peace.

In addition to relief and development workers, such peace building has traditionally been deemed the responsibility of specialists in political matters who have the ability and mandate to apply coercive force to achieve public goods, such as basic security.

Diplomatic, military, and political experts play a necessary and valuable role in ending conflicts and cultivating peace, but they often equate the end of fighting with the securing of “peace.” Development and relief specialists both know that the absence of violent conflict is far from genuine peace. Instead, peace is won across many fronts: through offering urgent care and providing essential needs, forging a new and viable social contract, holding to account all those who violated human rights during the conflict period, according appropriate respect and validation to those who suffered severe loss, remembering those who lost their lives, addressing important ethical issues of fair and equitable governance, and selecting new leaders of proven moral character who are committed to the welfare of the public and the pursuit of the public good. Even in the best postconflict conditions, these peace-building measures take time, particularly when there is no larger regional or global consensus on what is the “right” thing to do. Is the “peace” that development specialists articulate in their thinking and their work missing from the more common notions of postconflict peace building?

Given how difficult it is to build peace, does not the community of development specialists most recently active in the affected country have a role to play in ending conflict and setting the stage for a return to peace? If so, why do so few development institutions have the mandate and resources needed to enable these specialists to be identified, brought together, and supported to carry out such a role? The new United Nations Peacebuilding Commission established in October 2006 may offer the first coordinated institutional response to the challenges of peace building in the immediate postconflict recovery period; however, the commission works primarily with actors at a more removed level: the regional organizations, regional banks, and international financial institutions. Marshalling that other level of actors—the army of individual specialists who know the country best but who have been scattered by the chaos—is not on the commission’s agenda.

Searching for an ethical response to the barbarity and chaos of a country already beset by violent conflict and conceptualizing the characteristics of any future peace there may seem like a curious and futile undertaking for development specialists, given the global inadequacy of development assistance. While the fighting ensues in country X, many international development specialists typically move on to other countries and other needs, perhaps taking with them a “lesson learned” in the form of a strengthened conviction that more and better intellectual and financial resources are needed to find some way—through moral persuasion and political pressure—to motivate the requisite political will and resources to help prevent future conflicts of this kind in country Y. Who can fault them for abandoning country X? While the bullets continue to fly in country X, and shortly thereafter, what “development” can occur, and what “ethics” are there to talk about? Conventional wisdom dictates that we first allow the diplomats, the military, and the politicians to find a method to impose a workable cessation of hostilities; any talk of justice or a new and genuine peace will just have to wait. In these kinds of calculations, the development needs and aspirations of country X are seldom considered, as development attentions turn instead to the more fruitful prospects in

peaceful country Y. The universal solidarity that Goulet aspired to is a fiction for country X; regrettably, there are too few resources to support even basic development programs worldwide.

At the institutional level in the United States, the challenges of finding a common ethics agenda to augment any strategic collaboration— itself quite weak—between the Department of Defense, the Department of State, the U.S. Agency for International Development (USAID), and other leading development institutions appear insurmountable. Important considerations of values in the context of relief, development, and redevelopment are largely ignored. Yet of what might such a common ethics agenda consist?

Ethics is the way that people identify and explore moral values to find sufficient common ground to generate order, so that human society becomes possible at a scale and with sufficient collaboration to allow development to occur and be sustained. Conflict environments are nearly always chaotic. During and immediately after severe conflicts, as in Rwanda or Somalia, the entire moral infrastructure of culture, society, religion, civility, and even basic human kindness are swept away. In such situations individuals commit atrocities against even friends and neighbors, while inexplicably other individuals demonstrate astounding acts of selfless heroism to save the lives of strangers. Building peace in such a context is an ethical minefield; good may be thrust into an uneasy relationship with evil as people make painful compromises to survive. Sitting face to face in peace negotiations with perpetrators of the most extreme brutality—what the former UN peacekeeping commander in Rwanda, General Romeo Dallaire (2004), described as “shaking hands with the devil”—is a deeply perplexing moral experience. When the evil that drives such violent conflicts is brazen and unrepentant, when the ethical institutions and standards of a society have been shattered, what voice does a development worker’s morality have? As Goulet observed: “Ethics cannot exorcise evil from the realms of political power simply by preaching noble ideas: development ethics wields no prescriptive power unless it takes us beyond moralism” (Goulet 1995, 25). Goulet was advocating for thinking guided by morality (as distinct from thinking muddied by preachy moralism) as an integral component of the many constituent processes and interventions of development—the “means of the means.” This advocacy should also be applied to the crafting of a common peace-building ethics agenda, involving relief, development, and political actors. Goulet saw the challenges and opportunities of development through a moral lens, without losing sight of the fact that others have seldom examined much of what we call “development” (or “relief”) from such a perspective. While Goulet’s focus was more on development than on the “un-development” of conflict, his message applies to both contexts when he said: “Precisely because we are human, we are ‘responsible’ for creating conditions that optimize the humanization of life” (Goulet 1995, 59). This responsibility is a moral one, and it alone suffices to justify an explicitly moral dialogue between relief, development, and political actors. This moral burden needs to be divided in a way that is justifiable and that offers better prospects for timely responses to urgent needs.

## Moral Obligations of the North

One day of violent conflict can negate decades of strenuous development efforts, along with the lives, hopes, and dreams of many afflicted people. Conflict's terrible dehumanizing forces of death, destruction, and terror ran like strong and unpredictable torrents through African nations such as Uganda, Rwanda, Sierra Leone, Liberia, Angola, and Burundi. As of this writing, it seems that these forces of destruction still hold sway over Darfur, Somalia, and much of the eastern regions of the Democratic Republic of the Congo. Other African nations that perch on a razor edge of "peace," able to plummet back into chaos at any moment, include southern Sudan, Ethiopia, and Eritrea.

These wars are not conducted according to the international rules of warfare. The efforts of the last century to create some humane, ethical basis for warfare, and to allow space for the possibility of a "just war," are nonsensical to the perpetrators and victims of such conflicts in Africa. In Africa, as the evidence of decades of conflict bears grim testimony, life is indeed cheap. No morally significant differentiation is made between combatants and noncombatants, nor is there any special consideration made for women, youth, the elderly, or even pregnant women—all are subject to astounding levels of brutality, violence, trauma, or death.

The advent of modern communications, combined with the remarkable (or, some would argue, foolhardy) fortitude of intrepid journalists, means that the true horrors of such conflicts are no longer hazy, distant, or out of date by the time we are made aware of them. Through news reports and Web sites, we have been exposed to the anguish of Somalia in 1993, Rwanda in 1994, and the seemingly endless tribulations besetting the peoples of the Darfur region in western Sudan. As the death toll grows, and the accounts become ever more horrific, we grow dispirited, exhausted, even cynical: conflicts such as those caused by Joseph Kony and his Lord's Resistance Army drag on with a relentless inevitability, year after year, through one stalled or ineffectual peace negotiation after another. Yet the grim realities of such a war reach out to us through the Internet, as with this account of a fourteen-year-old boy abducted by the LRA and forced to perform an act of incredible immorality:

A few days later, a commander called me and said he had a special task for me to carry out. He was carrying a newborn baby. He placed the baby in a large wooden mortar, the one we were using for pounding grain. He gave me a heavy wooden pestle and ordered me to start pounding. I was afraid to do it, but I did as I was told. I knew I would be killed if I didn't. All the boys in the group had been forced to do something similar. I knew the baby's mother. She was one of the captives. She screamed when she saw what I was doing. The commanders beat her up so much, and told her to shut up. But they did not kill her. They told me to continue pounding until they were satisfied the baby was dead. (IRIN 2003)

There was no urgent response to save this baby, the boy, or the baby's mother from this atrocity. In the case of northern Uganda, the sense of urgency is particularly hard

to sustain. This conflict had persisted for two decades and only recently relocated to the Democratic Republic of the Congo, with a tragic legacy of over 30,000 child abductees, 1.7 million displaced persons, and tens of thousands of dead, maimed, mutilated, and traumatized victims (Pham et al. 2005). A more graphic assault on every notion of basic human dignity and the innocence of children is hard to imagine, but to extend that assault across twenty years of unrelenting turmoil raises very troubling moral questions—or at least it should.

Urgency and complexity combine to make conflict situations ethically daunting. As individuals or as nations, we are all under a fundamental moral obligation to do no harm, yet the distribution of positive moral burdens within and between peoples and societies around the world would seem to place the needs of Uganda at a remote distance from most people in the North, who have no special relationship with Ugandans. Such special relationships, many will argue, are prioritized to include family, friends, and communities, perhaps stretching out to fellow citizens or close allies; they do not extend to the unnamed baby about to be pounded to death in Uganda, or to that baby's many fellow victims.

This view, although commonplace, ignores the fact that a special relationship *has* been established. There is not a single conflict-affected country that has not been the place of work for many development specialists from the North. Before the conflict, such individuals may have been involved due to personal convictions and moral values, but they nearly always represented a formal aid program of a developed country or NGO. As such, the fact that such development workers are left to scatter at the onset of violent conflict does not diminish the existence of a special relationship between the developed country and the conflict-afflicted country. On this basis, more developed nations who have a relationship of aid with the affected country, and who fail to respond promptly and effectively to the widespread harms arising out of the brutality and havoc of such conflict situations, bear an unfulfilled, heavy moral obligation.

## International Assistance and Development Ethics

The obligation to provide aid and relief is important, but so too is the need to provide this assistance on an urgent basis. Each passing day of a conflict brings more death, trauma, and destruction—often at a massive scale—yet the wheels of both foreign policy and international relief and development assistance bureaucracies slowly turn at a pace seemingly impervious to urgent appeals from the conflict zone. Nations weigh their strategic options, make their political calculations, and pursue elaborate rituals of diplomatic bargaining with other potential “first responders,” with tradeoffs, institutional turf battles, and political side agreements impeding speedy conclusions. In moral terms moving slowly and cautiously in response to a moral obligation, such as the crisis of a violent conflict, is impermissible, as to delay is to ensure that further harms, often of unimaginable brutality and against the most vulnerable, will continue.

Whether supporting development initiatives across multiple sectors, or responding to the urgent needs arising from famines, disease, natural disasters, mass unemployment, financial crisis, or violent conflict, the institutions of international aid are not exempt from confronting ethical dilemmas. Until relatively recently, such dilemmas were poorly perceived and seldom commented upon, and they certainly were not on the agenda of aid decision makers. Gradually, the moral issues of relief and development are attracting the scrutiny and deliberation of increasing numbers of concerned individuals. Much of this rich discourse arises out of the ordinary moral intuitions of average people engaged in development and relief, tempered by their often comprehensive experience in development, but there are also academics, theorists, and policy makers tackling these moral issues in a sophisticated manner, through recourse to international development ethics.

Utilizing robust philosophical thought, and supported by empirical analysis, the academics, practitioners, and policy makers who are active in international development ethics pose searching, provocative questions regarding the big questions—beginning with continuing efforts to conceptualize, measure, and advocate for “development” itself. Development ethics considers the human condition; the political, economic, and social processes of development; and the overarching goals of poverty alleviation, leadership, and good governance. Development ethics also generates a remarkable diversity of moral deliberations and helpful guidance on the practical, daily challenges of international development, yet to date less attention is directed to “un-development” in the form of conflict. With a few notable exceptions, such as the work done by David Crocker (2000), the linkages remain weak between development ethics and the excellent literature and field experience in transitional justice specifically, and conflict studies generally.

Much work remains to be done when contemplating a cohesive ethical framework for designing and evaluating appropriate responses to violent conflict, such as how best to deal with urgency, how to access the diaspora of experienced development specialists who flee the conflict, and how to raise the appropriate levels of funding to support a more meaningful response. Where is the appeal to ethical sensibilities and standards to be directed? For those worst afflicted, arguably few such moral resources remain, as conflict often represents the breakdown of morality itself. In development initiatives not associated with conflict conditions, there is some clear moral purchase to be had, some appeal to comprehensible and shared moral standards between the providers and the beneficiaries of aid, some traction with the moral concerns and values that underpin the various social, political, economic, and cultural institutions with whom aid interventions engage. In conditions of violent conflict, however, we are often left to rely on the moral sensibilities and principles of those few persons assigned to help. Though their moral direction may be clouded by the urgency of the situation and the lack of reliable data, many are driven by their various (and often unexamined) moral motivations—their gut response—to deal with desperate need and to deliver an effective, timely response to an urgent conflict crisis.



The process of engagement between North and South, between aid practitioners and aid recipients, is fundamentally different in conflict settings. In the pursuit of other international development goals during peaceful times, we design, apply, and evaluate interventions in close collaboration and partnership with the stakeholders most affected: the intended beneficiaries. More and more, people in the South have come to lead this process, and we from the North support them by serving as facilitators and resource providers. With them, we delve into issues that vary in intensity, in terms of their urgency for resolution, to seek effective means that result in greater justice, peace, ecological and social harmony, fairness, and human well-being. Throughout these more routine development processes, the overall ethical concerns and principles may or may not be made explicit, but a more ethical standard of international development is made possible when we make the political, social, economic, and perhaps even spiritual space for humanity to become more truly human.

This “space” for some humanization of development often remains shadowy, superficial, or small as long as the moral dimension of the development processes is only implicit and vague, and not the subject of explicit scrutiny and deliberation. Some would take comfort by pointing out evidence that development is becoming more ethically grounded: we find a more moral vocabulary appearing in the policies, programs, debates, and advocacy that characterizes international foreign assistance, harkening to ideals of global peace, human development, and environmental harmony. This vocabulary, however, as welcome as it may be, is misleading. None of the major role players in development and aid, with the exception of the Inter-American Development Bank, have made any structured attempt within their institutions explicitly to address development ethics in their thinking, policies, or operations. The World Bank has begun to bring development ethics consultants into a very few specific projects, but for the other multilateral financial institutions and the

bilateral donors such as USAID, the rigorous ethical diagnostic, analytical capacities, and moral guidance at the heart of development ethics remain grossly underutilized resources.<sup>1</sup>

Addressing the ethical content of development is but one dimension of development ethics. Knowing what is right and good is not the same as doing it. When confronted with extreme need, injustice, greed, violence, or exploitation, we react: we express outrage, caring, or other sentiments and thoughts in terms that are clearly moral as well as political. Many of us write letters to our political leaders or send money to NGOs active in international relief and assistance, yet how often do we consciously explore our motivations to act in these ways? Development ethics has the potential to help shape and improve our international development institutions and activities

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<sup>1</sup> The Inter-American Development Bank briefly supported an institutional unit then called the Initiative on Social Capital and the Ethics of Development (ISED), which was funded primarily by the Norwegian government. The World Bank has periodically involved development ethicists in projects focused on leadership, integrity, and procurement. The World Bank Institute now is taking a more direct interest in leadership ethics in its most recent policies and programming.

by examining both the content of aid and the motivations that drive aid. Yet despite some progress, these ethical dimensions remain largely unaddressed. Why is this so?

The easy answer, of course, is simply to point to the fact that our nations are governed by those inclined to a realist view of the world (Kapstein 2006, 38–39), in which moral arguments are said to have relevance only within the boundaries of nation-states, and perhaps only then when convenient; in most cases, morality is used instrumentally to support politically or economically derived strategies aimed at defining and maintaining national self-interest. The realist assumption, however, no longer goes unchallenged. Prominent thinkers of the caliber of Nobel Laureate Amartya Sen, building on the compelling arguments of earlier pioneers such as Denis Goulet and others, make a compelling case for the universality of many important moral values associated with what it means to lead truly human lives. Sen, Goulet, and now a long list of prominent thinkers including David Crocker, Sabina Alkire, Des Gasper, Luis Camacho, Martha Nussbaum, Robert Goodin, Nigel Dower, Thomas Pogge, and many others have generated a rich literature and an accessible resource for moral analysis, moral interrogation, and moral guidance in how and why international aid is in fact motivated, conceived, organized, delivered, and evaluated—and how it ought to be.

Many advocate for a more overtly moral approach to international aid, yet the translation of this advocacy into a morally coherent and responsive—meaning *timely*—reaction to situations of violent conflict (or impending violent conflict) remain unfulfilled. The intensity of human suffering and death, the associated environmental disasters, and the societal upheavals seem overwhelmingly complex and the urgency too intimidating. If we do not walk away from the situation feeling that there is simply no way to intervene and be effective, we push our various ponderous bureaucracies to respond—to *do something*—and to do it fast, but even those bureaucracies must be propelled by sufficient political will. Some moral precepts apply; we certainly make every effort not to exacerbate a bad situation and create greater harm, but from an ethics perspective we generally resort to gut reactions, to knee-jerk responses, and then try to make sense of it all afterwards.

## The Case of Northern Uganda

Consider again the as-of-yet unresolved—and *still urgent*—conflict in northern Uganda. Despite having had twenty years, the world has failed to come to a moral consensus on how best to act to ameliorate this particularly poignant conflict, where children are the primary victims and savage brutality is the most common expression of the LRA’s fuzzy message. The LRA has no credible political agenda, and there is no genuine political discussion to be had with Joseph Kony, although several have tried.<sup>2</sup>

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<sup>2</sup> Former Ugandan minister for the north, Betty Bigombe, has tried repeatedly to negotiate with Kony, first in an official capacity and later as an individual. Jan Egeland of the UN has met with Kony and failed to find any common ground with him for a workable peace.

Everywhere there is evidence of profound moral failures—some more preventable than others. It is obvious that Kony has failed to fulfill the most basic moral obligations of what it means to be a human being, but there are many others who also bear the moral burdens of failure. Tragically, parents have morally failed in their basic parental duty to protect their young sons and daughters from harm—in this case from the extreme harm of being abducted to become (if they survive at all) deeply traumatized child combatants or sex slaves. Those parents were powerless to prevent this failure, yet they forever bear the burden of that deep loss. The government of Uganda has failed in probably the most basic moral duty of governance—the provision of security to its own citizens, the people of northern Uganda, despite having more than twenty times the manpower of the LRA (International Crisis Group 2006). The people of northern Uganda have been exposed to extremely high levels of violence (Pham et al. 2005), yet Uganda's Peoples' Defense Force has been unable to provide security and in many cases has exacerbated the violence.<sup>3</sup>

The neighboring country of Sudan (as a country, and as individual Sudanese politicians and generals enjoying the fruits of a war economy) until recently failed to acknowledge or address the moral repercussions of its tacit and sometimes overt support to Kony and his combatants, providing weapons, food, medicines, and money so that the conflict could be sustained (International Crisis Group 2006). Sudan's moral failure, had it been challenged in moral terms, might have drawn a realist justification that Sudan was legitimately pursuing its larger political interests by keeping the turbulent south of Sudan destabilized (and the Ugandans preoccupied) as a strategy to help dampen the insurrection by the SPLA.<sup>4</sup> Sudan is not a party to the International Criminal Court (ICC), yet the ICC's chief prosecutor, Luis Moreno-Ocampo, believed that he had received firm assurances from senior Sudanese leaders that they would cooperate in the arrest of Kony while Kony was based in Sudan at a location known to the Sudanese (International Crisis Group 2006). If such a promise was made, the Sudanese conveniently forgot it: yet another example of a simple moral failure with tragic consequences.

The moral failures of Uganda's conflict extend well beyond Africa, however. The international community failed—and arguably continues to fail—to respond in a manner commensurate both with the share of the moral burden that they carry and the immorality of this tragic conflict that has relocated for now into the neighboring Democratic Republic of the Congo; only recently has resolution of this conflict been placed

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<sup>3</sup> The July 2005 report *Forgotten Voices* describes the results of extensive surveys carried out with over 2,500 respondents, which showed that 40 percent had been abducted by the LRA, 45 percent had witnessed the killing of a family member, and 23 percent had been physically mutilated at some point during the conflict (Pham et al. 2005).

<sup>4</sup> The Sudan People's Liberation Army and related political and military groups led a lengthy insurrection in the south, seeking greater autonomy and a fair cut of Sudan's oil and mineral wealth. In the process, tens of thousands of civilians were slain or injured, and many extreme human rights violations took place.

onto the agenda of key international and national institutions in the developed world. Even this response is tepid at best, despite the pleadings of Jan Egeland, the Under-Secretary General for Humanitarian Affairs at the United Nations, who recently described the Ugandan conflict as “the worst form of terrorism in the world”<sup>5</sup>

The most significant and potentially long-lasting moral failure, however, may lie in the failure of the most recent peace talks. The once promising truce of August 2006 raised hopes that this two-decade debacle would finally be coming to an end, yet in the light of 2009 the promise of peace remains elusive, particularly for the LRA’s newest victims in countries immediately to the west and north of Uganda. The LRA no longer trusts Dr. Riek Machar, the vice-president of South Sudan, to be the honest broker in negotiations with the government of Ugandan president Yoweri Museveni. Many Sudanese also balk at continuing this official mediating role, since in early 2009 the LRA attacked South Sudanese people in the Kajo-keji region. Concurrent with this troubled—and now largely stalled—peace process, the ICC’s indictments issued against LRA leader Joseph Kony and his senior lieutenants remain mired in controversy, with the Ugandan government now advocating for the alternative application of traditional forms of accountability and reconciliation instead of formal ICC prosecution. Whether a nation can undo a request for ICC intervention is not at all clear—for now the ICC arrest warrants remain in effect—yet Kony and his colleagues now have reason to expect some degree of immunity from prosecution as a condition for ending the conflict. The situation is further muddled by President Museveni’s previously stated intention to “give Kony a soft landing” through a formal amnesty and the provision of government protection if he would return in peace to Uganda (International Crisis Group 2006). Museveni’s dispatch of representatives to meet with Kony’s representatives at the peace talks at Juba, Sudan, was in express violation of the ICC agreement.

Offering legal immunity to Kony is expedient. It also makes possible an alternative form of reconciliation arising out of the traditional Acholi tribal culture of northern Uganda, called *mat oput* (“drinking the bitter root”), which requires the perpetrators to admit to their crimes, demonstrate remorse, and seek forgiveness from the Acholi community. The ritual includes drinking a bitter liquid and culminates in the perpetrators being allowed to resume their lives within the community (Pham et al. 2005). There is no punishment, no retribution, and no compensation to victims.

It is clear from many statements by traditional and religious leaders in the north of Uganda that their first priority remains the final end to the fighting and abductions. While the north of Uganda now enjoys a respite from the LRA, there are no ongoing formal peace talks, so insecurity regarding the future persists. These long-suffering people want to get on with their lives and enjoy the security of a durable and reliable peace. In time, the people of Uganda’s north hope to forget about the squalid indignity of the IDP camps that so many were required to live in for so long since the Ugandan

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<sup>5</sup> “Interview with Jan Egeland,” IRIN, April 4, 2006. Accessed June 1, 2009, from <http://www.irinnews.org/report.aspx?reportid=58646>.

military was unable to secure the countryside (and proved unable even to offer much security within and around the IDP camps). Given what these Ugandans have suffered, is there any moral reason not to defer to their local leaders and their values in their stated desire to achieve that durable peace by the tradeoff of allowing

Kony and his lieutenants back with full legal amnesty, to rejoin local society after participating in the *mat oput*? Currently, the political leadership both in Uganda and among the regional and international nations active in assistance to Uganda seem to be moving in favor of honoring the wishes and values of these local leaders. The moral implications of such a decision have barely been discussed, however, let alone the implications of what such a decision might mean for Uganda's future.

While the moral weight attached to respecting the expressed wishes and values of the local leaders of the people worst affected by the horrors of the Kony years must be given great consideration, I argue that there are additional moral concerns that warrant some urgent deliberation. First, what does Museveni's offer of amnesty for Kony and his lieutenants say about the value placed on all of the lives cruelly taken, the injuries brutality inflicted, and the horrible losses endured as a direct result of Kony's actions over the past two decades? What does it say about the loss of the newborn baby pounded to death? It says that the lives of the baby and all such victims are simply traded away and forgotten, neither valued nor important. No one is held accountable.<sup>6</sup>

Second, Uganda has a troubling history to consider. By offering amnesty for some of the worst crimes imaginable, largely inflicted upon the most innocent Ugandans of all—children—a precedent that began with not holding anyone accountable for the horrors and many human rights abuses of the Idi Amin Dada years (1971–1979) is being reinforced. First Amin and now Kony; does this second round of strategically imposed amnesia not make it all the more possible that another turn of the wheel will follow at some future point? What is to stop another person from following in Kony's footsteps, from inflicting yet more obscene horrors on the citizens of this country while confident that he or she will never be held to account? While everyone wants peace, peace at any price is a profound disservice to the lives lost or shattered by this evil person and his lieutenants and sets the stage for future atrocities. The political expediency of an amnesty may mean that we sacrifice justice now at the cost of accountability for the past and create a very grave risk to the prospect of a just society in the future. If we follow such a course, we may fail in our moral obligations to future generations of Ugandans.

The offer of amnesty is a very heavy moral price to pay, yet who is to deny the moral right of the traditional leadership in northern Uganda to advocate this course so that a reliable, durable peace returns as soon as possible? Try asking the people themselves. While the traditional and religious leaders may be advocating amnesty, and Uganda's

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<sup>6</sup> There is widespread agreement that the child combatants of the LRA are not morally accountable for their crimes, as brutal as they are, since these individuals have suffered severe trauma and many were too young to be held to the ethical standards of adulthood.

senior politicians are expressing similar sentiments, credible survey results of ordinary people in Uganda's north tell a different story. Two-thirds of those surveyed believed that there should be accountability by means of formal trials for crimes committed, with those found guilty (in the LRA and within the government) being sentenced to appropriately severe punishments; only approximately one-fifth of those surveyed favored the traditional forms of reconciliation (Pham et al. 2005). Given these facts, is amnesty really the right choice?

The lessons from transitional justice have not been lost on some of those considering options for northern Uganda; the following draft principles are now in wide circulation among those involved in crafting the response to the Kony dilemma:

First, it is imperative that the wider population views the implementing authorities as both legitimate and impartial. Second, such measures should be selected through a genuine process of consultation with those most affected by the violence. Third, victims must receive formal acknowledgement and recognition of the grave injustices and losses they have suffered. Finally, to work effectively, transitional justice measures must be accompanied by programs that promote security and the rule of law, economic and educational opportunities, access to accurate and unbiased information, freedom of movement and speech, and other comprehensive measures. (Pham et al. 2005, 12)

The balance has yet to be struck between the urgent need for ending the long Kony era's brutal violence and respecting the pressing obligations of justice—namely, to hold those responsible fully accountable. In the interim, there is development work to do, and some credit goes to the government of Uganda for setting wheels in motion even before a durable peace is in sight. In the 2006 *National Peace, Recovery, and Development Plan for Northern Uganda* (PRDP), the government took particular note of a comprehensive Amnesty Reintegration Programme, based on the framework of the Amnesty Act (as amended in 2006) as it applies to the reconciliation and reintegration of abducted youth combatants. The PRDP has a growing number of skeptics, however, as progress in reconstruction has been very slow. The task is monumental; there are more than 17,000 young people eligible for amnesty under the provisions of this act (Cobban 2006; Government of Uganda 2006), and donor support for reconstruction has been tepid at best. Once again the moral question arises: Who ought to support an appropriate level of intervention, which would be far in excess of Uganda's financial and institutional capabilities?

## Conclusion

The many role players in international relief, development, and governance each bear moral obligations to offer resources and assistance to countries in or coming out of violent conflict. These moral obligations arise out of Goulet's sense of universal solidarity and out of a special division of moral labor based on the ability to be effective and on any special relationship that exists. The task now is to recognize the moral

dimensions of development, relief, peace keeping, and peace building; to divide the moral burden; to identify common ethical concerns; and to chart a course for international, regional, and domestic collaboration that is truly responsive to urgent needs. Collaboration of this kind should build upon the comprehensive experience of years of development interventions; it should set an unambiguous international standard for transitional justice that no politically expedient settlement can sell short, while remaining sufficiently flexible to allow for practical measures to be adopted to foster a long-lasting and genuine peace. Development ethics has a central role in all of this, but perhaps Goulet best stated its most crucial role: “Most fundamentally ... the mission of development ethics is to keep hope alive” (Goulet 1995, 27).

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## 12. Poverty: Development Ethics Meets Global Justice

Asuncion Lera St. Clair

Severe poverty, together with climate change, are the two most important moral problems facing our present generation. The choices we make in the next few years will decide the life chances of billions of human beings; the inhabitability of large areas of the planet, and the survival or demise of numerous ecosystems. We now face choices that people only two generations ago could not even contemplate, and we now have the power to address these threats and thus the choice “to do or not to do.” Our generation can in fact eradicate the most severe global poverty and reduce other types of poverty as well as protect many vulnerable people from the miseries of deprivation. We have the economic means to do so. In the same way, our generation has the ability to arrest environmental crisis and even to reverse some of the already visible damage to the balance of global ecosystems. We have the technological and economic means to do so. The question remains, however, do we also have the will to do it?

The current development aid framework is legitimized as the tool to make globalization work for the poor. But the relations between global poverty and globalization are very complex, not only because of causal relations of various kinds, but also because the ways in which people perceive and theorize poverty tend to be related to specific views about what globalization processes actually are and how, and which alternatives, to envision for the future.<sup>1</sup> One of the fundamental drivers between contrasting views on globalization are value disagreements of various kinds; ethical ideas of what is worthy, who and why, and also cognitive values such as quantification or simplicity that lead us to focus either on aggregate data and abstract indicators or on people’s actual lives. Our moral awareness of poverty tends to shape how we perceive views on globalization, its essence, main drives, dangers or hopes for the future: matters that shape the will to act. On the other hand, theories and conceptions of poverty and strategies for reducing it or to protect the poor can either promote awareness for the need for a “fair(er) globalization”<sup>2</sup> or can be blind to questions of (global) justice and fairness for the poor. The presumed neutrality of orthodox economics (the primary source of knowledge about poverty as it is produced by development aid agents) leads

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<sup>1</sup> I do not address here the question of climate change, yet the arguments put forward in this essay may serve to promote a rethink of climate change as well.

<sup>2</sup> See the forum section “Towards Fair Globalization?” in *Globalizations* 2, no. 2 (2005): 241–82.



to normative blindness and a pretense of fairness, while a proper unveiling of what is and what is not valued reveals that cognitive (that is instrumental) values are given more weight than concerns for the intrinsic worth and dignity of all human beings. In general, moral awareness of poverty and explicit ethical concerns for the dignity of all people leads to more critical views on the dominant form of neoliberal economic globalization and to viewing transnational processes of all kinds as being under the control of human agency. We *can* change the future.

In this essay I argue that the ethical aspects of global poverty lead to redefining both development and globalization. In addition, as the “global” impinges increasingly on every field of knowledge (and praxis) so too development, philosophy and ethics and the relations among these fields of knowledge are forced to redefine their scope and subject matter. This, in turn, has consequences for the ways in which globalization is treated, and in particular, for the emergent field of globalization studies. My main point is that the ethical aspects of globalization are interrelated with an ethical perspective on knowledge and policy for poverty reduction, and moral understandings of poverty; perspectives— among others—investigated by the fields of development ethics and global justice. In addition, I suggest that poverty needs to be treated globally, and not as a social fact that occurs only in developing countries. This entails a reengagement with literature and theories within the field of development studies—including critical engagement with the ideas and policies generated and defended by development actors—as poverty research is dominated by the knowledge and policies elaborated and espoused by development actors. Much can be learned from the merging of development ethics and global justice, but these also have lessons to draw from globalization studies and vice versa. The first section reflects upon the entanglement between development and globalization. The second section argues that it is precisely a re-framing of poverty as a global question, as well as a moral matter that leads to a rethinking of both fields. In the third section, I outline some of the main ideas currently investigated by development ethics and global justice and argue for a merging of goals and scope. The study concludes by suggesting that research may be a form of activism and that what matters is collaborative rather than competing views. *Cross-fertilization* between these fields may lead to stronger theoretical formulations for alternative globalizations, for a better understanding of the paths towards fairer development aid policies and global relations more responsive to global poverty.

## The Entanglement of Globalization and Development

The characteristics and scope of development have changed substantially in the past twenty years. One of the important consequences of the increasing dominance of neoliberal economic globalization and the globalization of (unfettered) capitalism is

that development is increasingly becoming, conceptually and practically, a matter of “relief,” perhaps too close to the goals of humanitarian intervention; a tendency that reinforces the already common “charity”<sup>3</sup> aspect of development aid (Gasper 1999). Meanwhile, progress and social improvement are increasingly left to the forces of free markets led by neoliberal ideology and the selfinterest of a global elite. At the same time, powerful development actors such as the World Bank and donors state their goals for aid in terms of a rhetoric of socially sustainable and pro-poor development, often emphasizing local solutions and the strengthening of the poor’s entrepreneurship. Themes of empowerment and participation are now commonplace in mainstream development aid discourse. Such rhetoric serves to legitimize the neoliberal restructuring produced through aid.

Although a focus on poverty and the provision of social services through the Millennium Development Goals (MDGs) and its targets is welcome, this has also been an opportunity to narrow the conception of development to a form of collective charity. At the same time, these strategies tend to put the burden of responsibility on individuals and local groups to cope with the negative effects of global socio-economic change. For example, certain preconditions for sustainable livelihoods or entrepreneurship require much more than access to small amounts of funds because of the immense influence of global finance capital or the dominance of agricultural businesses. At the same time, the rhetoric of global development actors and even many international NGOs fails miserably “to engage with the subtleties of structural conditions, comprising power and inequality, and the constraints they place on human agency” (Wood 2000, 2).

There is now a tendency to target development aid money as a tool for providing social safety nets, while the traditionally core matter of increasing economic growth is dependent on countries being globalized. Increases in living standards are dependent on the privatization of social services and availability of private funds, through either foreign direct investment and transnational corporations, regional transnational elites, or public-private partnerships—matters regulated and permitted by states. And as global institutions themselves interact increasingly with the private sector, they themselves may be in the process of becoming privatized (Bull and McNeill 2006).

The way in which neoliberal economic globalization is shaping development aid can be related to Cowen and Shenton’s (1996) depiction of intentional development: as it seeks to impose order on the disruptive consequences of global dynamics, while legitimizing itself because aid aims to reduce poverty and help the vulnerable. The dominance of technocratic-bureaucratic thinking in development aid (Boas and McNeill 2003) reinforces the intentional aspects of development, while disrupting and often preventing what may be positive bottomup processes of social change (Hickey and Mohan 2005). At the same time, this specific meaning of development as technocratic, bureaucratic and intentional, is in itself the main justification for current neoliberal

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<sup>3</sup> See the essay by Jonathan Glennie on “The Myth of Charity” [*Globalizations* 3, no. 2 (June 2006): 258–60].

economic globalization. For example, according to the liberal economist Jagdish Bhagwati (2004), the world is already on the right track to reduce poverty and suffering. There is only one single “scientific” view as regards economic development, Bhagwati (2004, 53) argues “that trade enhances growth, and that growth reduces poverty.” Development agents, he explains, would do best to keep themselves busy with questions of relief (and allow the free market to take care of the economy).

The belief that further neoliberal economic globalization is the sole source of increased living standards and that, at the most, we simply need to widen its scope so it benefits those so far left behind, overlaps in its entirety with what has been the most powerful myth of the past century: the image of development as securing affluence and fulfilling lives for all, an image driven by rationality and technological advance (Goulet 2005). Whereas “modernization” was the developmental myth of the second half of the twentieth century, globalization has emerged as the new developmental myth of the early twenty-first century. As Patomaki argues in this volume,<sup>4</sup> this myth constitutes also a dominant conception of global justice. At the same time, development is being discursively transformed into a tool for “helping out” those left out of the presumed economic bonanza of free trade and liberalization, and the means for appeasing our conscience (or our sense of guilt). It thus tends to act as a legitimizing strategy for neoliberal restructuring.

Defenders of the ways in which the planet and its people are presently being globalized rely upon the ubiquitous claim amongst powerful development agencies that there is a positive relation between the main tenets of the Washington Consensus—or its more recent revisionist “post-Washington Consensus” version (see Broad 2004)—and the reduction of global poverty. Often, the linkages between globalization and development are made through data on poverty reduction as one of the fundamental justifications for the well-functioning of current globalization processes. Within this framing, development means something very specific: to follow the call for increasingly globalized markets and the privatization of social services; to prioritize economic concerns above anything else; to measure every aspect of social life with a monetary metric. “Globalization friendly” policies are held to lead to more “development,” defenders argue, and the proof is often presented in the guise of poverty data, showing decreases in poverty over time as evidence of the fairness. Yet central questions about the forces that produce or cause poverty, and the possibility that global processes as presently constituted may have no need for attending to the poor—as the extreme poor are often neither producers nor consumers—remain unaddressed from this perspective.

Critics of such positive views of globalization tend to agree on the need to redefine the meaning of development, but they disagree fundamentally with a positive correlation between poverty reduction, development and globalization, and are reclaiming multiple meanings of the global. The field of critical globalization studies has emerged

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<sup>4</sup> Heikki Patomaki “Global Justice: A Democratic Perspective,” *Globalizations* 3, no. 2 (June 2006): 99–120.

from authors that pioneered what is today known as “new political economy” or new international political economy, but also include a variety of authors discontented with mainstream development and international relations. Although this is not the place to outline in detail what are critical globalization studies, I wish to pinpoint how most authors seem to converge on viewing the relations between globalization and development within their historical contexts and from a political economy perspective.

For many critical globalization scholars, and as Patomaki argues,<sup>5</sup> development funds and their attached conditionalities and discourses are ways of disciplining developing countries into joining the ranks of the globalized in a way that perpetuates a hierarchical and unequal world (Appelbaum and Robinson 2005; Gills 2005; Robinson 2002; Sklair 2002). They unanimously argue that neither development as it is currently practiced by global institutions nor neoliberal economic globalization is leading towards increased well-being across and within countries, nor to environmental sustainability, whereas alternative globalizations may lead toward a fairer future. Often, critics point to the ways in which these global forces actually *produce and perpetuate poverty*.

Critics tend to focus their attention not on the success stories, but on evidence that persistent deepening severe poverty and increases in inequalities are occurring in virtually all countries, advanced as well as “less developed.” Those unconvinced by the often fallacious correlations between neoliberal economic globalization, development, increased growth, and the reduction of poverty, look at China and India’s remarkable economic performance in recent years with some skepticism. Socioeconomic improvement has not reached many of the rural poor; in urban settings this new “development” is creating an upper class coexisting with all shades of poverty; radical inequalities are emerging that could threaten the country’s future; a forthcoming crisis of natural resources, land, and water, as well as increasing environmental degradation are apparent; issues that are already of serious concern for China. India’s replicas of Silicon Valley coexist with millions of the most destitute people in the world; whose lives are but a shadow of humanness, and for whom neither effort nor talent can apparently help them to achieve a better life. Likewise, gender inequalities remain worryingly unaddressed, and thus may threaten any kind of long term social stability. According to a recent report by the United Nations Children’s Fund (UNICEF 2006) up to 50 million girls and women are “missing” from India’s population, probably the result of the middle classes’ use of ultrasound techniques for fetal sex detection that leads to the (mass scale) selective abortion of female fetuses. Those without access to such technologies simply commit infanticide. UNICEF’s report is evidence of systematic gender discrimination in India. Thus, rather than global poverty eradication through development, we are witnessing that persistent inequality between the world’s individuals is simply staggering. As Milanovic (2005) argues, “Inequality among individuals is astonishing and likely to grow. Today, 5 percent of the population control one third of the world’s

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<sup>5</sup> Ibid.

assets.” And this “gap” translates into all sorts of mechanisms that perpetuate poverty and inequality, as both are path dependent.

Critics also focus attention on what is happening in advanced economies, where these cycles of inequality perpetuation are also common and where no one except a small elite is safe from falling from grace (Newman 1999). The “working poor” are now the fastest growing social class in many European countries, and a well known fact in the United States (Krugman 2002; Shipler 2004). One of the most rigorous and well researched studies on poverty and social exclusion in Britain shows that at the beginning of the twenty-first century there are more people living in or on the margins of poverty than at any other time in history (Pan- tasis et al. 2006). Yet these poor people from “rich” countries are often left out of the global poverty count, as the defenders of neoliberal globalization look only to the South for such data, and mainstream development research ignores patterns of poverty in advanced economies. Besides being a serious academic flaw (Townsend 2002), the unwillingness to draw links between poverty research in advanced economies and the developing world is a way to avoid having to engage in a self-reflection that may reveal too many homeless at home, too many destitute in the lands of plenty and opportunity.

There are serious scientific disagreements over the ways data and trends are interpreted or deemed to be reliable, and on what constitutes evidence for poverty policies, but also over fundamental values related to views of human life and the future, and to the meanings attached to the notion of development. As I have argued elsewhere, knowledge for the reduction of poverty is dominated by the World Bank, a state-like transnational expertised institution, which under the pretension of scientific certainty leads the public to believe that its account of what is poverty, how many poor people are in the world, and what to do about it is value free and apolitical expert scientific knowledge (St. Clair 2006a). But these views are fundamentally outdated in discussions about scientific knowledge in general. It is much more accurate to describe knowledge for the reduction of poverty as inhabiting a shifting divide between knowledge in the making and global politics in the making (St. Clair 2006b). The disagreements regarding the reliability of poverty data, where and how to look at the problems, and what to count as evidence, risks or costs, are neither coincidence nor mere scientific disagreements. They are also the result of complex sets of values, both moral and nonmoral assumptions, part of diverse perceptions of social processes and underpinned by political ideologies that surround the construction of knowledge. The disagreements are related to views of human life and the possible futures, to the meanings attached to the notions of development and globalization, to what constitutes progress, descriptively and normatively. As argued earlier, these disagreements are also related to the level of importance attached to the cognitive values of policy and economic thinking. Although I have no time to address this issue here, the fact that a narrow dominant view prevails

is also due to the power of a particular conception and practice of orthodox economics, itself the result of the unequal power and influence of an elite in the education sector.<sup>6</sup>

It is important to notice how defenders of neoliberal globalization, who use an unjustified faith in scientific knowledge on poverty and economic growth to justify their views, scrutinize and dismiss the scientific knowledge that shows human actions related to progress and technology are leading to climate change that threatens the sustainability of the planet. Technological advances that have led to many of the positive aspects of global processes have transformed the atmosphere into a dangerously unstable environment (Oosthoek and Gills 2005). The consequences of climate change would affect mostly poor countries, as the Inter Governmental Panel on Climate Change (IPCC)'s forthcoming report will show. In addition, the patterns of environmental racism already visible in advanced economies point towards the poor and vulnerable in advanced economies as the most likely victims of climatic change, as hurricane Katrina showed the world in 2005. Yet climate change science is dismissed by those same individuals and groups that put all their faith in an economic science that promises riches to all while ignoring the costs to the poor and vulnerable. As I have argued elsewhere, scientific knowledge on climate change is the result of processes of knowledge production much more scrutinized than economic advice and certainly much more democratic than views on poverty trends and poverty reduction offered by an expertised institution that draws its legitimacy through a circular process between the knowledge it produces and the audiences that legitimize that knowledge (St. Clair 2006a, 2006b).

Defenders of alternative globalizations (both activists and academics) often refuse, though wrongly in my view, to directly engage with the dominant views produced within the governing global institutions, even if in the end these are part of the problem. It is simply not enough to dismiss the scientific claims of such institutions as fallacious or merely "political." These problems of knowledge creation and the flaws and shortcomings of orthodox economics and its influence on all knowledge for development policy deserve more serious scrutiny and active critical engagement as they directly affect the lives of millions of people. It is precisely by better understanding (from direct experience where possible) the forces that shape knowledge about global poverty and development in the most powerful and influential institutions that it may be possible to offer fresh critical views contributing to alternative globalizations. It is of utmost importance to understand these organizations' cultures, and the ways in which they permit or hinder alternatives that may lead towards accepting responsibilities for the production and perpetuation of global poverty (McNeill and St. Clair 2006). Some authors do understand such a challenge. For example, Ray Kiely (2005) argues convincingly that the relation between poverty and global integration is far from straightforward, and he does so precisely by engaging in debates and discussions

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<sup>6</sup> See for example the *Post-Autistic Economic Review* at <http://www.paecon.net/PAEReview/issue36/contents36.htm>.

driven by data produced by the World Bank. Yet the task is even larger than Kiely's work leads us to believe.

In my view, the tasks of development research and critical globalization studies overlap, if our definitions of these two issues are consistent. Critical globalization studies must include regenerated development studies (Robinson 2002). The conceptual tools of the latter, such as the notion of methodological territorialism, the idea that the overarching category shaping socioeconomic, cultural and political aspects of societies and peoples is the territorial boundaries of the nation state (Scholte 2000), may help unveil what are often fallacious correlations between poverty and growth. For example, the pervasive methodological territorialism in development research keeps local problems "local" and blind to questions of global socio-economic justice.<sup>7</sup> Also, the blindness towards increasing deprivation and the slow demise of the middle classes in advanced economies is also the result of methodological territorialism in development research. I want to suggest that alternative views on globalization are dependent upon the rethinking of development. The task is to reclaim development, not as more global integration and economic growth, but as a meaningful process for all. There are various ways to reinvent development, some already practiced by social movements worldwide. According to Alf Nilsen, the discourses of resistance crafted by social movements articulate an ethics of praxis grounded in the assertion of needs and capacities that are not met or allowed to develop within the structural parameters of the current social order (Nilsen 2005). Alternatives always entail a rethinking of the meaning of development, and posing the questions: Development for what? Development for whom? (Gasper 2004). Such are the tasks of ethical thinking on both development and globalization. Re-framing poverty—as a global and a moral problem—and looking into its structural causes, leads to a reframing of both development and globalization. Even if often misguided and having caused much distress, I believe that a path toward alternative globalizations passes through the improvement of the development aid system and its institutions, elements needed to regulate the global, no matter how one defines it.

## Re-framing Poverty as a Global and a Moral Problem

The death and suffering that millions of people face everyday in the world goes against any moral standard of western values no matter the ethical theory one chooses to defend, no matter the religious code we espouse. The main problem is often that there are all sorts of mechanisms that hinder rather than stimulate moral awareness, leading to complacency and even legitimating of such gross unfairness. It may be

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<sup>7</sup> The notion of methodological territorialism was advanced by Erik Wolf in his study about the spatial assumptions proper to the social sciences, *Europe and the People without History* (1982). For an extended analysis see Nilsen (2005).

the case that our wealth and that of others may in the end depend on the misery of many. This has been the case for centuries, and still remains one of the missing pages in development and globalization writings. As historian Mike Davis reminds us in his sobering *Late Victorian Holocausts: El Nino Famines and the Making of the Third World* (2001), the British Empire was built on top of many bodies, the bodies of those who died from famines caused by agricultural and trade policies, by man-made environmental degradation directly linked to the Empire's achieved wealth. While politicians blamed bad weather and people's own lack of moral behavior for the deaths of millions of people, the British public knew little about the lives lost far away, and even less about their own involvement. It is a human trait; we describe complex facts in ways that do not incriminate us. But the millions of deaths and the resulting unequal balance of power and means that resulted from the Victorian era were, as Davis clearly argues and documents, policy choices. "Millions die" was "ultimately a policy-choice: to accomplish such decimation required (in Brecht's sardonic phrase) a 'brilliant way of organizing famine'" (Davis 2001, 11). The fatal meshing of the world climate system, commercialized agriculture, and Victorian world economic policies led to millions of deaths, (ostensibly) morally justified and legitimized by political and knowledge variables. The thesis that severe poverty and famines were caused by climate freed the colonizers' consciousness and protected them from being accountable towards their constituencies. Countries of the South affected by disadvantaged weather conditions were described as lands of poverty and famines. The lesson the British drew from these catastrophes, Davis explains and documents, was that relief could have prevented some deaths, but that "the cost could have been such as no country would bear or should be called upon to bear" (Davis 2001, 175). The death, destruction, poverty and inequalities caused by a combination of faith in a particular version of economic science, systems of moral legitimization and justification, and a complete lack of moral awareness for the suffering and destitution of human beings, led to policies that were "the exact moral equivalents of bombs dropped from 18,000 feet" (Davis 2001, 22). At the turn of the twenty-first century, we ought to draw better lessons, and a strategy may be to conceptualize and treat poverty in a way that raises moral awareness for the lives of the poor and the forces that produce and perpetuate poverty.

I suggest that development and globalization studies need to reframe poverty as a global and a moral problem while embedded in local contexts, value systems and shared norms. Rethinking both development and globalization requires addressing the ways that poor and vulnerable people's agency and dignity is impacted by transnational practices as well as by local culture, beliefs, moral and religious principles and practices and the role that development aid may play. The poor and vulnerable may serve no purpose after all. Economic globalization may in the end have little or no need for those bypassed by their benefits, either in the South or in the North, and development aid as relief may simply serve to hide from view such unfairness by making us believe we do something for the vulnerable and thus legitimizing a system that harms



millions of human beings. Those global “losers” may be characterized, as Zygmunt Bauman argues, as “outcasts”; the poor and the very poor, the refugees, the illegal migrants, those ill with HIV/AIDS, children and women. Some may argue that Bauman’s characterization ignores that the free market needs those at the very bottom anyway. Such a critique is relevant to a certain extent, as there seems to be a new category of people emerging in many poor countries, the *severe working poor*, men, women, and children who suffer the vicious circle of long working hours without being able to meet their basic needs or having any hope of ever improving their situation. These human beings may be but the “waste” of economic progress, of modernity and globalization; their “wasted lives” serving no global purpose (Bauman 2004) or simply being necessary parts of a machinery blind to human needs; based on false promises and hopes. These represent the emergence of a transnational fourth world; not a spatial but rather a social cartography of social relations between the poor and the non-poor; relations that are increasingly characterized by structural irrelevance (Castells 1998; Hoogvelt 1997; Robinson 2002). Associated with this is the increasing concern to control these outcasts, evidenced by the emerging dominance of a governance agenda focused on controlling corruption and imposing the rule of law. As security concerns dominate the agenda of powerful players, aid has become a tool for “securing” neoliberal restructuring through networks of marketization and privatization (Duffield 2002). Privatization also reaches morality. Contemporary development aid, furthermore, privatizes responsibility by placing the burden of personal improvement and coping upon people’s own shoulders, while it shifts and diffuses away any kind of political responsibility from development aid agents (McNeill and St. Clair 2006).

Framing poverty as a global and a moral problem focuses our attention on political economy processes of poverty production and perpetuation while bringing stronger and better informed criticisms against dominant development theories and pro-globalization arguments. It may help the reframing of the scope of development to include self-reflection on the impact of free market capitalism on people’s lives in advanced economies as well as in the South. Such re-framing may also help unveil how relief and charity may go hand in hand with increasing and perpetuating severe and chronic poverty, and focus our attention on a needed agenda addressing the politics of justice (Hickey and Bracking 2005).

Alternative globalizations will emerge as the poor become agents of their own destinies, as they resist and reframe problems in their own terms, according to their own values and reinvent their own meanings of development. On the one hand, poor countries need to regain a “policy space” severely limited today by the prevailing rules of the global economy (Gallagher 2005; Wade 2005). Similarly, poor groups need to regain an ethical space, a space for the deliberation needed to sort out how to cope with the often cruel choices posed by progress. Complementary to this, nevertheless, explicit ethical analysis is also needed on how to transform global rules and institutions into just systems, including the formulation of mechanisms and practical proposals that

would lead to more fair globalization(s) (Patomaki and Teivanen 2004; Pogge 2002; Caney this volume<sup>8</sup>).

The search for and justification of alternative globalizations cannot avoid engaging with normative, fundamental thinking as to what matters and why in relation to socio-economic, cultural, and political structural changes. Such fundamental research includes, as Patomaki rightly argues in this volume,<sup>9</sup> the unveiling of what sorts of practices of justice are already common and why they are just, or not. Yet engaged normative theorizing, the explicit investigation of the ethical dilemmas and value questions posed by globalization processes, is still wanting in globalization studies, and is often taken for granted in many claims made by activist groups or individuals, or too scattered, under-theorized, and unclear. Paradoxically, the globalization debate would thin out without the moral legitimacy of each side's arguments overflowing and dressing up empirical data and predictions for the future, justifying in a veiled way why such or such positions (whether open markets or grassroots views of global relations) are better, more humane, more ethical choices. It may be argued that activism is a form of ethical praxis, of seeking explicitly normative alternatives. Similarly, it may be argued that new political economy analyses that address questions of power are a form of normative theorizing. Yet these are not sufficient contra the pervasive normative blindness promoted by dominant views on development and globalization (Busch 2000; St. Clair 2006a, 2006b). Unquestioned scientific knowledge together with the self-righteousness of the faith in markets as the fairest way to allocate resources legitimizes undetected sources of gross unfairness disguised as moral choices. It is thus of utmost importance to frame questions of global poverty from an ethical perspective. Similarly, there is also a serious need to engage on the value choices promoted by relevant global actors, in particular the global institutions responsible for the knowledge and the policies that dictate the futures of poor people and poor countries.

An enriched critical globalization studies which explicitly embraces moral and value questions related to progress, development and poverty and that engages with the ways in which lack of moral awareness blinds experts, politicians and the public from the negative consequences of many transnational processes is thus needed. Given that development ethics and global justice writers have already addressed some of these complex matters, much can be learned, many dead ends avoided, and fundamental yet often invisible problems properly identified by seeking synergies and complementarities with these disciplines. Development ethics and global justice may help us rethink alternative globalizations, and vice versa. These two fields can also be strengthened by crossfertilization, both among themselves and with theoretical frameworks and political economy analyses developed by critical globalization scholars. Otherwise, proponents of ethical or justice frameworks may reach simplistic arguments, disembedded from actual practices. As I shall argue, I disagree with several of Simon Caney's proposals in this vol-

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<sup>8</sup> S. Caney, "Global Justice: From Theory to Practice," *Globalizations* 3, no. 2 (June 2006): 121–37.

<sup>9</sup> Patomaki, "Global Justice: A Democratic Perspective."

ume,<sup>10</sup> as they take for granted that all poverty reduction strategies are ways towards increased fairness.

## Development Ethics and Global Justice

Development ethics draws its intellectual underpinnings from historical figures that fought for alternative meanings of modernity, such as Marx or Gandhi, and critics of orthodox economic development such as Frantz Fanon, Raul Prebisch, and *dependistas* (Crocker 1991). Development ethics emerges as a discipline with the work of Denis Goulet, whose early writings dating from the 1960s draw insights from various critics of mainstream development and proponents of alternative economics. Inspired by French economist Louis-Joseph Lebret, the work of Paolo Freire on education as liberation and struggle, Gunnar Myrdal's normative social theory, and insights from Liberation Theology, Goulet argues that development theory, policy, and practices must be assessed ethically, as mainstream meanings of development may be bad for people, which may simply be *maldevelopment* (Goulet 1971, 1995). Goulet, an activist himself, has engaged with the ideas proposed by development agencies, and in the past fifty years has explored many of the ethical dilemmas that development practitioners find themselves in, and many of the ethical components of what may be a fairer system of global relations.<sup>11</sup> His recent work engages with questions of globalization and draws important lessons from the value added between both fields (Goulet 2000, 2005). Critics of globalization will find in the extensive body of Goulet's writings many rich arguments for the transformative power of activism and engaged research.<sup>12</sup>

Building from Goulet's work, in the past forty years an increasingly visible group of scholars from various disciplines have offered insights to understand processes of development "beyond economics," and the importance of a focus on human beings and human well-being. The efforts of Anglo-American philosophers—such as Peter Singer (1972)—in the 1970s and the 1980s to deepen and broaden the philosophical debate about famine relief and food aid were followed by a transition from an "ethic of aid" to an "ethic of development," including the elaboration of human rights-based views (Aiken and LaFollete 1995; Crocker 1991, 1995; Dower 1988; O'Neill 1986; Shue 1980).

The capabilities approach elaborated by Amartya Sen and by Martha Nussbaum is perhaps the best known development ethic. Sen's work represents an alternative conception of development economics and poverty that expands their dominant infor-

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<sup>10</sup> Caney, "Global Justice: From Theory to Practice."

<sup>11</sup> Many of the ideas currently defended by proponents of alternative conceptions of development, such as Amartya Sen, have been explored by Goulet, who also draws on Lebret's conception of human development. Goulet's work, however, is much more interdisciplinary, and insists on the role that moral awareness plays in the ways in which we perceive progress, the promises of technology and science, and the rethinking of social and political activism.

<sup>12</sup> Routledge is in the process of publishing a set of essays by Denis Goulet collecting the evolution of his work, *Development Ethics at Work: Explorations—1960–2002* [published in 2006].

mational basis to include concerns for the quality of life, well-being, agency, social justice, entitlements, freedoms and rights. Sen's approach to development originates from a critique of the reductionism and hegemony of utilitarianism in both moral philosophy and in economics. His multidimensional view of well-being and poverty places the emphasis not on goods and consumption, nor on preference satisfaction or happiness, but rather on opening people's choices to live productive and creative lives according to their needs and interests; or, as Sen often formulates it, to focus on the lives that people have reason to value (Sen 1985, 1999). Martha Nussbaum's elaboration of the "capabilities approach," which is perhaps best viewed as a capability ethic, elaborates on the need to define a specific list of capabilities and on how these ought to be transformed into constitutional guarantees by all countries (Nussbaum 2001). Many development ethicists are engaged with the work of Sen and Nussbaum, leading to a very wide and relevant body of literature reframing the meaning and the practices of development and addressing many of the complex normative aspects of development.<sup>13</sup>

The engagement of Amartya Sen with Mahbuh ul Haq and the United Nations Development Program (UNDP) led to the creation of a special unit, the Human Development Report Office, and to an annual publication, the Human Development Report (HDR) that has popularized and partially operationalized Sen's capability approach. Sen's reframing of the capability approach in terms of "freedoms" has led to an increasing amount of scholarship and influence (Sen 1999). Today, many donors define their work using Sen's terminology. But the capabilities approach also has critics who deserve attention, as they question the coexistence of an increasing rhetoric in terms of freedoms and capabilities with an unfair global system (Pogge 2004a). Such coexistence may be a misinterpretation of the work of Sen, yet the warning is important, as I believe that the most substantial problem with the rapid widespread use of the freedom and capability terminology may lead to narrow interpretations that could indeed coexist with a grossly unfair global system of unequal power and resources. Freedom is a powerful term, but fuzzy and unclear. As current global politics clearly show, there are many actions that can be justified as promoting "freedom," yet unethical. Also, and although beyond the scope of this study, it is important that capabilities and freedom do not hinder other alternatives resulting from collective action and resistance movements. The risk of philosopher kings replacing technocrats is not an enticing option. Nevertheless it is important not to throw the baby out with the bath water; there is much in the capabilities and human development literature upon which to build.

Development ethics is much broader than the capabilities and freedom approach. Des Gasper's definition captures the fundamental drivers of development ethics as looking

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<sup>13</sup> It is beyond the scope of this essay to offer a full revision of all these approaches. For an updated bibliography of development ethics see Crocker (forthcoming). For a full bibliography of Sen and Nussbaum's work as well as the emerging body of writings on the capabilities approach see the Human Development and Capability Association website <http://www.fas.harvard.edu/~freedoms/>.

... at meanings given to societal “development” in the broad sense of progress or change, at the types, distribution and significance of the costs and gains from major socio-economic change, and at value conscious ways of thinking about and choosing between alternative paths and destinations. It aims to help in identifying, considering, and making ethical choices about societal “development,” and in identifying and assessing the explicit and implicit ethical theories. (Gasper 2004, xi)

And although poverty has been a main focus of development ethicists, other important aspects include reflection on the role of human rights, investigations on the ways in which bottom-up development may be achieved through deepening democratic processes, or more specific issues such as the ethical dilemmas entailed by development-induced displacement, global citizenship and cosmopolitanism, or the synergies with other global normative discourses such as human rights and human security, virtue ethics and more instrumental views such as global public goods (Chatterjee 2004; Crocker 2005; Dower 2003; Drydyk 2005; Gasper 2005; IDEA Newsletter; St. Clair 2006c; Young 2004). Development ethics overlaps increasingly with concerns for global ethics, and as globalization changes the scope and meanings of development, many authors are engaged with global issues and the role of a global ethic (Dower 1998). In parallel a small group of western scholars are engaged with reframing questions of justice and producing important work on the emergent field of global justice. This work, as I shall argue, complements development ethics and challenges narrow interpretations of capabilities and freedom.

## Global Justice

Calls for global justice are very common amongst critics of globalization, yet explicit academic work under this label is relatively new. Rethinking justice as global is not only about justice for all but a reframing of justice’s scope and character. I choose to focus on one of the most relevant authors of this emerging field, German sociologist and philosopher Thomas Pogge, because he takes poverty as his central concern; also, because his work represents a critique of the methodological territorialism pervasive in western moral and political philosophy and social theory.<sup>14</sup> It is not sufficient to bring in moral and political theory to critical globalization studies. Ethical ideas per se may not lead to a satisfactory answer to Patomaki’s question: are worldwide actions, relations, practices and institutions fair? Moral discourse may reflect the same biases and blind spots one encounters in orthodox development theories proposed by global institutions. As Thomas Pogge illustrates in his work, even the best-known western philosopher on questions of justice, John Rawls, seems blind to the global forces that may affect the moral scope of human action, and puts the blame for a lack of global fairness on the poor’s political culture (Pogge 2004b, 261). Pogge quotes relevant passages from Rawls’s later work where such moral methodological territorialism is evident:

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<sup>14</sup> For Pogge’s extensive body of writings see <http://www.columbia.edu/~tp6/index.html>.

“the causes of the wealth of a people and the forms it takes lie in their political culture and in the religious, philosophical, and moral traditions that support the basic structure of their political and social institutions, as well as in the industriousness and cooperative talents of its members, all supported by their political virtues ... the political culture of a burdened society is all-important ... Crucial also is the country’s population policy” (Rawls 1999, 108) ... When societies fail to thrive ... “the problem is commonly the nature of the public political culture and the religious and philosophical traditions that underlie its institutions. The great social evils in poorer societies are likely to be oppressive government and corrupt elites.” (Rawls, 1993, 77)

These views have a remarkable similarity with those espoused by sociologists like Anthony Giddens, as Ray Kiely wisely observes (2005) and demonstrate a structural bias towards blaming the poor and poor countries for their own problems while ignoring the important causal and moral relations between global rules and institutions and the life chances of people in the South.

Global justice, in Pogge’s account, does have a very important intellectual framework distinguishable from international or from social justice conceptions. Although a thorough exposition of Pogge’s ideas is beyond the scope of this study, I wish to briefly outline that global justice mainly refers to viewing events in our social world not simply from a global perspective, but from an institutional perspective. Global justice views events, actions and institutions “as effects of how our social world is structured—of our laws and conventions, practices and social institutions” (Pogge 2005). The moral analysis and diagnosis that follows from such an institutional perspective leads towards seeking explanations and counterfactuals in a very different way than that of such well reputed figures as Rawls or Giddens. Global justice does not mean all human beings ought to share the same values; one can conceive of many different notions of justice and espouse complementary ethical theories. As Pogge observes, they all would point in a particular direction, “distinct conceptions of global justice will differ in the specific criteria of global justice they propose. But such criteria will coincide in their emphasis on the question about how well is the global order doing, compared to its feasible alternatives, in regard to the fundamental human interests that matter from a moral point of view” (Pogge 2005, 7). In Pogge’s account, the global system is such that it may be seen as one of the important reasons for the violation of human rights of the severely poor (Pogge 2002, 2005). I subscribe to Pogge’s depiction of severe poverty as a violation of human rights not because of philosophical sophistication, neither because I think that human rights are the most appropriate model for global justice, nor because I believe that poverty should be illegal (although I may agree to some extent with some of these points). Rather, I defend and support such characterization of global poverty because it is a political tool and an ethically loaded idea difficult to distort and to dismiss. It points towards accountability and responsibility; it centers our attention on further investigation on structural conditions that produce and perpetuate poverty; it gives the poor a tool with which to fight for themselves while it forces all the non-poor to self-reflection: have we something to do with it? It makes painfully visible that the

most cherished values of western democracies are being violated every time someone dies of poverty-related causes (many every second).

I disagree with Pogge, however, in his, perhaps implicit, characterization of the “global.” For him it seems to refer to the global forces that impinge on the production and perpetuation of poverty, yet it commits him to the same methodological territorialism of orthodox development research. I wish to argue that global poverty ought to refer to advanced economies as well, as it is very important to avoid making a radical distinction between poverty in the North and in the South. Again, I disagree not for mere academic reasons, and not because I think these poverties are similar; they are not, either in depth or in the ways in which people experience them. A malnourished child in the United States is as morally repulsive as one in Ghana, in the same way as a working mother unable to meet her children’s basic needs is morally wrong no matter in which corner of the planet it takes place. Yet the issue here is to conceptualize and define poverty as a global and a moral problem affecting the North as well as the South as a way to force self-reflection on the West and to prevent the manipulation of development aid as a legitimizing tool for an unfair global system.

Pogge’s more recent work centers on the elaboration of practical schemes and global reforms that may help solve several of the urgent problems associated with severe poverty, in unveiling some of the important flaws in the views and even on the data produced and used by orthodox development economics, and in offering arguments for the relative easiness and moral urgency of eradicating severe poverty, addressing health issues, etc. Pogge is also engaged in activism, by giving talks and interviews in popular media and thus helping raise a much needed moral awareness among the public of the serious moral problems posed by severe poverty, and by doing extensive editing work soliciting and compiling new scholarly work to further research on global justice (Barry and Pogge 2005; Føllesdal and Pogge 2005; see also Caney 2005; Wenar 2006).<sup>15</sup>

Various other senior philosophers are now following the path opened by Pogge and attempting to reframe their own ideas of justice to accommodate the increasingly perceived injustices associated with globalization. Nancy Frazer (2005), for example, argues that globalization forces thinkers to reframe their views of justice. To her own account of a dual notion of justice that concerns itself with both redistribution and recognition (Frazer and Honneth 2003), Frazer adds that struggles for socio-economic justice require a rethinking on the notion of political representation. But philosophers

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<sup>15</sup> Pogge has also edited an important volume for UNESCO debating the idea that poverty may best be seen as a violation of human rights. These essays were the result of a series of workshops organized by UNESCO’s section for the social and the human sciences under the leadership of Pierre Sane, former Director General of Amnesty International (AI). The publication of the book, however, has been delayed for several years. Most of the texts of this volume are available at the UNESCO website [http://portal.unesco.org/shs/fr/ev.php-URL\\_ID=4318&URL\\_DO=DO\\_TOPIC&URL\\_SECTION=-277.html](http://portal.unesco.org/shs/fr/ev.php-URL_ID=4318&URL_DO=DO_TOPIC&URL_SECTION=-277.html).

seem much removed from the problems of the world, and the dominant Anglo-American universities' curricula are mostly unconcerned with global problems.

Both Pogge and Frazer's arguments, as well as the theories and approaches developed by younger writers on global justice, however, would benefit from engaging more directly with the work of development ethicists. There is a risk that some of the new scholarship addressing global poverty, for example Caney's in this volume,<sup>16</sup> ignores past work by ethicists, their achievements and their experiences of the constraints to having their views heard. For example, many global justice theorists would benefit from engagement with work on deliberative democracy as a tool for dealing with moral disagreements and their applications to poverty and development (Gutmann and Thompson 1998, 2004; Crocker forthcoming; Fung 2005; Fung and Wright 2003). For example, Archon Fung's (2005) excellent account of the synergies between activism and deliberative democracy in situations of material and political inequality and a lack of reciprocity complements calls for global rules by scholars working on global justice and critical globalization studies. Looking at the literature (and perhaps through personal knowledge) it seems that proponents of global justice within academia tend to disassociate themselves from development ethics, which remains too identified with the capabilities approach. At the same time, it is not that clear that the emerging body of research around capabilities identifies itself as a "development ethic."

In my own work, I have argued that development ethics must also learn from global justice and critical globalization studies while engaging with the ways in which global development institutions use and abuse ethical ideas and morally legitimizing discourses such as human rights (St. Clair forthcoming). In particular, I argue for a third stage development ethics enriched with a methodological pragmatism that centers on the interplay between facts, values, concepts and practices. Through a methodological pragmatism, it may be easier to unveil some of the limitations of the widespread acceptance of the capabilities and freedom approach, while respecting and promoting the depth and power of such an approach. In the hands of many donors and global institutions, capabilities and "ethics and development" in general lends itself to be reduced to provide moral grounds for relief and thus blind to questions of socio-economic justice, to the immense value conflicts and moral flaws posed by the contradictory values and goals of global justice and neoliberal economic globalization. For example, the narrow and superficial use of capabilities and freedom by the Inter American Development Bank's Initiative on Social Capital, Ethics and Development, coexists with development policies promoted by this institution that are very far from leading to a fair treatment of Latin America's poor. Ethics (or freedom) without qualification, outside its political, social, and cultural context, may be outright moralism, or worse, self-righteousness. Nevertheless, it is through careful and respectful engagement that such initiatives (in the same way as other multilateral agencies) could be challenged to improve, as they provide an arena for future debate on the role that ethics and justice

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<sup>16</sup> Caney, "Global Justice: From Theory to Practice."



may play for better and more effective development aid. The task may seem difficult but it is not pointless. Normative blindness is far more dangerous.

The merging of development ethics and global justice may be reinforced by attention and engagement with critical globalization studies. This may add new focus and a more explicit inclusion of analyses of power and acknowledgment of the challenges posed by the values promoted by neoliberal globalization, including the challenging of the unfairness produced and reproduced by the ethics of the market. The challenge is how to link ideal theory, normative analyses and proposals flowing from such work with other needed analytical tools so as to engage with questions of feasibility and actuality. How are proposals such as Pogge's going to find enough support? For activists and scholars working with social movements, the answer lies with massive mobilization and resistance that may lead to challenges to power structures and the inequalities that prevent people from exercising their agency. Pogge's perspective may be interpreted to suggest that neoliberal globalization is about people having mistaken ideas rather than people pursuing a project which serves their class interests. Development ethics may simply be seen as a justifying discourse for a system that permits the persistence of exploitation and subjugation. The proposals for a minimal conception of global justice offered by Caney in this volume,<sup>17</sup> and his evaluation of policy proposals, is in my view incomplete, although a useful and a needed normative analysis. I disagree, for example, with his suggestion that giving resources to the World Bank may be a way to meet requisites of global justice, as Caney seems to take for granted that all poverty reduction strategies are ways towards increased fairness. Many of the proposals coming from this global institution serve to justify an unfair global system. Caney's minimal justice therefore needs to be complemented and informed by actual political economy practices; by the often contradictory goals of these actors; and their organizational constraints. Under the leadership of Wolfowitz and the political and economic interests this represents, it is important to consider the extent to which this institution may become even more a tool for the justification of neoliberal restructuring as well as a machinery for collective charity.

The task of striving towards a world free of poverty is complex. It calls for engagement with the negative consequences of global socioeconomic change; engagement with the Faustian value conflicts posed by global capitalism, its failures to deliver widely acknowledged values such as freedom and democracy at home and abroad, and the ways in which new forms of transnational practices have changed the landscape of development. It is amidst the new transnational practices where the moral worth of certain issues and people gets decided, where moral connectedness and disconnectedness is generated and sustained. The so-called 'end of history', the triumph of liberalism and western values as the victorious ideology, lacks a serious engagement with the different meanings of freedom and democracy or with possible negative consequences of promoting free markets and democracy. As Amy Chua claims, the twin results of increasing

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<sup>17</sup> Ibid.

wealth for elites which often belong to minority ethnic groups and empowering masses through democratic ideas, may lead to ethnic hatred and violence (Chua 2003). In advanced economies, democratic institutions are no longer a sufficient mechanism to prevent the exploitation and exclusion of high percentages of the population. We are still blind in assessing the extent to which market relations are in themselves power relations that negatively affect democratic processes (Held 2004). The complexities call for a combined effort rather than discursive confrontation among the relevant areas of scholarship, and for more linkages with activism and social movements.

## Concluding Remarks

I wish to conclude by arguing that research may be a form of activism and engagement. Although the rewards and incentive systems within academia prevent rather than encourage cross-disciplinary incursions and collaboration, the complexities posed by global forces require a combined effort. I have argued that the merging of development ethics and

global justice may reinforce the arguments put forward by critical globalization studies and vice versa, as authors in these fields are driven by similar commitments to more fair and equal futures for all humanity. An enriched critical globalization studies could benefit from a long tradition in development ethics and the emergent work on global justice assessing the limitations of western moral philosophy to provide answers to the conundrums posed by current transnational practices and building more appropriate political and ethical theories. A more focused critical globalization studies could join forces with global justice and development ethics authors to provide well founded work (normatively and empirically) that addresses the value assumptions and hidden values of the knowledge and policies for development of global institutions and the rhetoric of pro-neoliberal globalization. Global development agents are simultaneously building a system of global governance that needs to be made visible. Thus, envisioning alternative globalizations requires indepth knowledge of development policies and ideologies and of the ways in which development bureaucracies work.

It is important to tackle head-on the ways in which the presumed accuracy and legitimacy of mainstream economics knowledge judgments co-opts or overshadows the space for “real” ethical reflection and prevents alternative values and envisioned social orders being considered. Not only are people surrounded with messages and practices that presume the current global distribution of wealth and power are optimal (fair) and the only channel for the eventual elimination of poverty and destitution, but such assumptions pervade what it is considered legitimate and authoritative knowledge for development and globalization. The problem is, then, not only a lack of ethical arguments for helping the poor, but an abundance of arguments for keeping power structures the way they are, for continuing business as usual; issues entangled with scientific knowledge that manipulate and politicize the moral worth of human beings.

Activists and researchers may add forces and focus on three issues that deserve our *prima facie* attention: the elimination of severe poverty and the reduction of radical inequalities in both advanced and developing countries and the striving towards equality; concerns for accountability and responsibility as social issues and ethical principles as well as legal and political tools, in particular, the elaboration of responsibilities to protect people from poverty; and studies about how to deepen and strengthen democratic processes and the voice of the poor to permit a space for ethical and political deliberation.

## Notes

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## **Part III: Practice**



# 13. The Economy of the Spirit: Religion, Ethics, and Development in the Thought of Denis Goulet and in Contemporary Practice

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## Introduction

Among Denis Goulet's achievements as a social philosopher, ethicist, theologian, professional student of development, author, professor, policy analyst, and consultant to governments, corporations, foundations, and religious bodies was his anticipation and advocacy of the constructive role of religion and religious communities in the development of peoples. A Christian humanist, Goulet understood that the material development of human beings is rooted ultimately in the economy of the spirit. An impure thinker, he would cite Hegel and Marx, Jacques Maritain and Pope Paul VI in support of this fundamental insight. Hegelian awareness of the reality of an Absolute Spirit animating societal dynamics, for example, complicates the reductive dialectical materialism informing Marx's otherwise astute analysis of class struggle. To the extent that Marx ignored the transcendent source and destiny of the human person, Goulet argued, he failed fully to comprehend the dynamics of human striving for material well-being.

Goulet's cherished social Catholicism provided the corrective. The Christian humanist and Catholic layman Maritain, taking Christ as the exemplar of the liberated and authentic human person, perceived and judged the social condition through the Gospels (Maritain 1936/1968). And Paul VI, summarizing a century of theological anthropology and social ethics, famously endorsed the integral relationship between the justice owed to the dignity of the human person and authentic ideas of economic development.<sup>1</sup>

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<sup>1</sup> See Pope Paul VI, *Populorum Progressio: On the Development of Peoples* (March 26, 1967), in Gremillion (1976). *Populorum Progressio* opens with these lines: "The development of peoples has the Church's close attention, particularly the development of those peoples who are striving to escape from hunger, misery, endemic diseases and ignorance; of those who are looking for a wider share in the

That “matters of the spirit” informed the worldview behind Goulet’s writing on the ethics of development is also clear from his repeated insistence on the priority of culture and religion. The paradigms for economic development proposed by both Louis-Joseph Lebret (1965) in France and Goulet in the United States, notes Gregory Baum, “have always demanded that a certain cultural and religious continuity be a dimension of integral development” (2000, 81). Thus, Goulet and Lebret insisted “that the local community must be recognized as a partner in any development project, be listened to by the so-called technical experts, and be allowed to exercise co-responsibility fully” (Baum 2000, 81). Although Western science must play an important role in any such project, Goulet believed that the symbolic meaning and creative energy necessary to make the project work must come from the culture and the religion of the local community. “As much as people are changed by participating in a development project,” Baum explains, “they want to retain their identity or, more precisely, they want to remain faithful to the past while reconstituting their identity under new conditions” (2000, 82).

Religion, Goulet recognized, could also cause problems and inhibit authentic development. Possessed of a synthetic intellect, he sought to identify and incorporate into his own thinking the elements of truth found in the writings of thinkers with whom he fundamentally disagreed. Thus, for example, he valued Marx’s critique of religion even while rejecting the extremes to which it was taken. Marx was correct, Goulet held, to decry the religious impulse to place human destiny outside history and thereby turn believers away from the task of working for justice on earth. This otherworldly orientation, he argued, undermines true humanism and perpetuates injustice.<sup>2</sup> Better, he wrote, to analyze and explore a different but equally salient and historically manifest religious impulse: “the [religious] coefficient of secular commitment,” that is, the acceptance of responsibility for mundane reality (Goulet 1996, 226).

It is this religiously grounded sense of stewardship and “political obligation,” Goulet proposed, that needs further explication and elaboration. The religiously rooted commitment to authentic human flourishing in the here and now needs to be awakened and maximized. “Early theorists and practitioners viewed development as a straightforward economic problem,” he wrote. “The study of development was not a critical inquiry into societal value change, but a technical examination of how to mobilize resources efficiently and fashion institutional arrangements best suited to growth” (Goulet 2001, 29–30). Under the single banner of development, he noted, contradictory policy prescriptions were advanced. “These diverse readings and strategy prescriptions are traceable to development’s nature as a two-edged sword, which simultaneously creates and

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benefits of civilization and a more active improvement of their human qualities; of those who are aiming more purposefully at their complete fulfillment” (no. 1; Gremillion 1976, 387). In pursuing authentic development, which is spiritual as well as economic, Paul VI continued, the Church will be “faithful to the Spirit of God,” since it is “the ferment of the Gospel which has aroused and continues to arouse in man’s heart the irresistible requirements of his dignity” (no. 32; Gremillion 1976, 396).

<sup>2</sup> This point about Goulet is made by Baharuddin (2000, 130).

destroys values” (Goulet 2001, 32). No longer, then, should religion and culture be ignored by developmental economists. “At a time when development’s multiple dimensions and cultural implications are now acknowledged, this means doing economics in a different mode, specifically, in a multidisciplinary and value-integrative mode” (Goulet 2001, 41). This was not to claim that the commitment to progressive social transformation was religious alone in inspiration; secular actors, Goulet readily acknowledged, were often miles ahead on the path to just and equitable economic development. But he saw what others often missed: there is a profound creativity, resourcefulness, and dynamism in the religious imagination that, once unleashed and channeled toward the common good, would galvanize local communities to participate more effectively in their own liberation.

What prevents this desired unleashing and disciplining of local wisdom and the cultural imagination for the work of economic growth? According to Goulet, it is a dearth of religious education and formation for justice and a lack of shrewd religious leadership. One commentator summarized Goulet’s view on religion as follows: “The ability of believers to ‘see’ religion in real life and to apply its values and tenets in solving worldly problems can be strengthened only if they have a fluidity and dynamism in their thinking and practice” (Baharuddin 2000, 130–31).

Having cultivated these insights, Goulet was not incredulous (as were some of his peers), or even much surprised, to witness the emergence of the trends that are the subject of the second part of this essay.

These include the growing constructive agency of religious actors and institutions in the concrete, practical work of development; their varied and significant contributions to the theoretical discourse of development studies, where they have raised and clarified numerous ethical issues; and the realization by these actors that their religious or spiritual vocation encompasses development. The growing edge of the argument—the insight that Goulet anticipated but did not fully develop—sees religiously informed approaches to development as a central dimension of managing conflict, reducing violence, reconciling adversaries, and building peaceful relationships across class and cultural divides. In order to appreciate the distinctive roles of religion and the unique contribution of religious agency to the maturation of “development” as an idea and a practice, however, we turn first to a description and analysis of Goulet’s creative and seminal thinking in this area.

## **The Ethics of Development**

Denis Goulet was a philosopher who also defined himself as a “development ethicist.” No one articulated the meaning and need for such a specialization more eloquently than Goulet himself:

Ethicists and developers would need to study with infinite patience and consummate attention to detail numerous complex issues bearing on disarmament, demogra-

phy, ways of achieving integrated global development, new patterns of international exchange, the dynamics of an economy of needs, optimal levels of national sovereignty, limits and possibilities of reaching balance in the distribution of the world's population, the creation of complementary viable economic spaces, and the arbitration of conflicts to eliminate the resort to arms. They will also need to address such issues as the broad principles of governance capable of freeing political and military thinking from its blind automatism, the channeling of scientific research to questions relating to pressing human needs, critical philosophical reflection to understand the profound reason why so many reversals of traditions and ideologies have remained for so long immune to criticism, new creative efforts mobilizing all human aesthetic resources to marry beauty and utility in unimagined ways, and a vast coordinated surge of intelligent and disinterested cooperation without which "small gestures" will continue to have no impact on a world become too greatly accustomed to pettiness and inertia. In a word, what is needed is a cosmic effort by all, for all. (Goulet 2006, 9–10)

Not one to make small plans, Goulet challenged developmental ethicists to serve as the mediator between the worlds of religion, spirituality, and culture. To do so they would have to acquire the technical expertise of the engineer, demographer, and agronomist, and the social scientific acumen of the economist, political scientist, and psychologist. In order to bridge these various professional practices and discourses, each of which must contribute to culturally authentic human development, the developmental ethicist must be a polymath of sorts (Walters 1972, 1228). Regular conversations, seminars, and courses with Goulet himself revealed him to be equal to the task. If not the acknowledged master in any one of these disciplines, he was literate in them all, sufficiently sophisticated to integrate their contributions into a new synthesis that drew deeply on both the humanities and the sciences.

The crafting of a value-laden, ethically precise discourse is the cornerstone of this integrative method. In this regard Goulet spoke a different language than other development practitioners and theorists. Adamant that words as much as actions have a moral value and meaning, he insisted that words be used properly, according to their true meaning, and not confused or substituted for ambivalent or deliberately evasive concepts or used as empty substitutes for meaningful action. For example, well before the rhetoric of globalization penetrated popular consciousness, Goulet argued that development is the concern of all humanity. Once understood, human *solidarity* becomes a moral necessity. Accordingly, it is essential to understand what it means to be "human," from which the proper definitions of "authentic development" and "authentic wealth" are derived.

The most fundamental shift in thought, which is necessary to reach the proper understanding of what it means to be human, relies on the distinction between "having" and "being." The distinction requires some unpacking. First, in contemporary lexicon the use of the term "value" is understood to mean "price," as in, "What is the value of that automobile?" Value is determined according to the monetary worth of an object, which is determined, in turn, by market forces driven by an exclusive attention to

consumption. The cultivation of consumer desire leads to the need for an unending increase in production at any cost. Development efforts in this milieu have focused on people's ability to consume more. Producers' efforts to anticipate and enlarge people's capacity to consume have dehumanized "the public" into a mosaic of figures, statistics, and elements of mathematical models.

Emptied of all qualities apart from macroeconomic forces beyond their control or understanding, people are reduced to mere buyers defined by their wants, construed according to the metrics of the market. This reduction of the human to a narrow category of wants and desires, specified in an ever-expanding, morally colonizing content, stifles any kind of aspiration beyond the strictly material. Such distortion of the capacity and meaning of human life grips the populations of "underdeveloped" nations no less than that of the materially wealthy. The less materially affluent nations are defined by the standards of the richer ones; that is, their "value" is measured solely in terms of "production" and "consumption" that generates material wealth—or what passes for material wealth—in the system.

The Western exaltation of the individual, conceptualized as an autonomous moral agent operating in an atomized society, further distorts the meaning and orientation of the human person. Drawing on Catholic social doctrine, Goulet understood the community, not the individual, to be the basic unit of society. From birth to death, the person is enmeshed in a network of relationships; she is conceived "in community," nurtured in another's womb, born into a family, and fundamentally dependent or interdependent throughout life. "Solidarity," as it were, is the fundamental existential and ontological condition. Rejecting radical individualism and the materialism it fosters, Goulet wrote:

All countries have the duty to work with prudence and realism but also with imagination, discipline, and sacrifice, to tend in the direction of laws, structures, and networks of relationships which come ever closer to the requirements of global solidarity, of the active respect of persons, and of the establishment of political and economic regimes suited to meeting all human needs—needs of the body and spirit [which include] all human registers: spiritual, intellectual, artistic, social, familial, personal, psychological, and biological. (Goulet 2006, 7)

In an era of globalization, during which "relationship" becomes an indisputable fact of life on a worldwide scale as a result of economic, environmental, and cultural interdependence, one can add, with the force of conviction, the following to Goulet's notion of solidarity: As long as these needs are not met in any part of the world, and the world is focused on consumerism with a narrowly economic rather than a fully human understanding of values, all of humanity is demeaned. In this sense development is a truly universal project, both in terms of geography and anthropology: even the apparently physically isolated project will have consequences in other regions of the global economy and ecosystem, and it will have implications for the human person in her communal, psychological, spiritual, and cultural—as well as merely "material"—reality.

A corollary of Goulet's view of authentic development is his reconceptualization of "agency." Who are the appropriate agents of authentic human development? What is the nature of their agency? According to Goulet's synthesis of Catholic and secular ethical traditions, human beings, valued as subjects, are called to participate actively in the formation and direction of their lives. "Called to" indicates that they are oriented by their nature to the task of self-expression and self-fulfillment through the exercise of free will and moral agency. People are not merely objects (which should go without saying, but it must be said) whose lives may be determined by forces they neither understand nor control. Accordingly, the development expert must consider first and foremost people's needs, desires, and aspirations in the full sense described above. But he must also be in the business of empowerment. If people are subjects and masters of their own destiny, if they are the agents of change in the first instance, *then they are the ones who must decide what changes are needed, and they are the ones who must design the methods and means to achieve the goals they establish.*

This imperative is radical in its rebuff to the conventional thinking, of course, and in its implications for reform. It challenges directly the cult of technical expertise and the assumption that the professional development economist or policy maker calls the shots. Yet the assumption that successful development must be driven by top-down technical processes shaped by "expertise from outside," Goulet was not alone in pointing out, has led, time and again, to serious errors in development policy and methods, sometimes producing ecologically and culturally devastating consequences.

The way forward would not be easy. Goulet harbored no illusions about the difficulty of negotiating not only methods and means but also values; the false starts, sidetracks, and well-intentioned failures; the conflicts, sometimes violent, that would be generated by the clash of local knowledge and technical expertise; and the ethical complexities entailed in the project of integrating these cultures:

Development is above all else a question of human values and attitudes, goals self-defined by societies, and criteria for determining what are tolerable costs to be borne, and by whom, in the course of change. These are far more important than modeling optimal resource allocations, upgrading skills, or rationalizing of administrative procedures. Nor is development a harmonious process, but a traumatic one full of contradictions and conflicts. Development is an ambiguous adventure born of tensions between what goods are sought, for whom, and how these are obtained. Innovations create strains between new demands for information, material goods, services, and freedom, and the effective capacity of societies to meet these new demands.

Ethical judgments as to the good life, the just society, and the quality of people among themselves and with nature always serve, explicitly or implicitly, as operational criteria for development planners and researchers. Development ethics is the interdisciplinary *ex-professo* study of such value-laden issues. (Goulet 2006, 176)

If development is to proceed on a human, rather than a merely economic scale, it cannot serve the unalloyed economic interest of production for its own sake. Producing consumer "goods" violates the common good when the result is waste, environmental

degradation, depletion of natural resources, and slavery to material things—all to the benefit of the few and the misery of the many. Human-centered development should not serve to increase the gap between rich and poor. If purchasing power is the main goal, then only those who have the means to buy are important participants in the system. In such a system the “have-nots” are shunted and excluded, and they become more destitute, desperate, and hopeless. Development efforts that are completely focused on GNP and growth strategies produce these pernicious effects, which Goulet categorized under the term “anti-development,” because they achieve the opposite of the intended purposes of development. Anti-development feeds on the myth that happiness is achieved by “having” more and more. But this produces only waste, which Goulet defined as any form of consumption that does not advance the well-being of humanity as a whole.

Therefore, conventional images of development are ethically deficient. To begin with, the image of a “mass consumption paradise” is a cruel illusion, unattainable by the majority because resources are limited. The growth paradigm of development, Goulet noted, assigns the highest priority to increasing aggregate GNP, with little regard for the equity in the distribution of its fruits. That same paradigm also emphasizes planning from the top down and stimulates resource transfers from foreign sources in ways that weaken local and national self-reliance and perpetuate relationships of dependency. This approach also leads to undue destruction of cultural values because it is uncritically biased in favor of modernity, which it treats in all important respects as superior to tradition. Moreover, “by concentrating on aggregate gains in industrial output, export trade and financial earnings, growth oriented strategies prove both wasteful of resources and environmentally destructive” (Goulet 2006, 139).

In Goulet’s analysis four obstacles stand in the way of realizing authentic development. *Elitism* is the most daunting. Too often, development “experts” or local elites exclude the people who will be affected from decisions regarding the goals of development, tolerable costs and who should bear the burden of them, and who should enjoy the resulting benefits. Failing to incorporate the perspective of the people will almost certainly lead to bad decisions and unjust programs, he warned, resulting in anti-development.

*Value selectivity by change agents*, by which Goulet meant the tendency of development professionals to violate the coherence of the local worldview by ignoring certain central elements of it, is a second obstacle. Traditional and cultural values should not be diminished, set aside, or supplanted uncritically by development agents, he cautioned, for such action would be manipulative and likely counterproductive. *Conflict among divergent values*, while often standing in the way of authentic development, might in certain circumstances stimulate local cultures to adapt to changing circumstances in order to survive. Development professionals, however, must provide the space and support for accommodations that preserve the meaning of traditional sites, customs, and practices rather than destroy them. To support traditional values in this way demonstrates a basic trust in the people to “improve their lives, to understand the

social forces that affect them, and eventually to harness these forces to processes of genuine human and societal development” (Goulet 2006, 144).

A fourth obstacle to authentic development is a by-product of topdown control of the process. Elites often fear that supporting traditional values will produce *negative reactions by governments* that seek “development” at any cost. While this is a realistic possibility in many settings, local religious and cultural leaders might have a role in neutralizing it. In contrast to anti-development, authentic sustainable development depends on a new definition of human wealth. Goulet found it “more accurate” to assign only instrumental value to economic riches. True human wealth consists in other, qualitative kinds of goods—public goods that are available to all and whose production creates “right livelihoods” for all.

In retrospect, this shift was indispensable for new thinking about what constitutes culturally resonant, ethically correct development. Goulet proposed that no less than “a new mode of living” based in “genuine human solidarity” is required. If finite resources are to be distributed in a way consistent with justice, society must embrace a life of “austerity,” limitation, and discipline. Implied in this proposal was a radical reorientation of values and priorities. The creation of wealth, Goulet prescribed, should lead to improved material conditions for all sectors of society, measured as well-being in health, education, housing, and employment. The political corollary to this form of economic distributism, he wrote, would valorize and uphold “human rights, political freedom, legal enfranchisement of persons, and some form of democracy” (Goulet 2006, 150). Furthermore, the dynamic of development along these lines must be sustainable (that is, based on strategies for replenishing consumed resources), ecologically sound, and culturally resonant. To instantiate the culture’s deepest values, development must strive for the social realization of a “full-life paradigm”—that is, for a society whose goods and practices reflect what the people hold to be “the ultimate meaning of life and history” (2006, 150). How will the changes necessary to arrive at authentic development come about? A just economy should be efficient and equitable, Goulet maintained, and neither predatory capitalism nor globalization in its current form is capable of achieving a just economy. Indeed, in its current mode of de-territorialization and exclusive commitment to the spread of so-called free markets, globalization is a process without ethical content (Goulet 2006, 211). A new globalization is necessary because a new development is necessary.

*The level of involvement by the people* in development plans and programs was Goulet’s central criterion of evaluation. Low scores on the scale are awarded to what he considered “passive participation,” cases in which the elite tell the nonelite what they have done or plan to do, and the people listen or ask questions but have little impact on the process; and to “participation [merely] in information-giving,” by which nonelites provide elites with information or opinions but the elite do not interact themselves with the people. Slightly higher on the scale is “participation by consultation,” in which nonelites give their proposals and perhaps deliberate the issues with the elites but the decision is still fully in the hands of the elites; and “participatory implementation,”



in which elites determine the goals and means and nonelites implement the goals and make decisions only about tactics. The optimal mode of collaboration, of course, is “deliberative participation,” wherein both groups make decisions together (Goulet 2006).

Goulet’s basic analysis has also been applied rigorously in various faith-based and ethical critiques of globalization.<sup>3</sup> In *Hope in Troubled Times: A New Vision for Confronting Global Crises*, for example, the Christian economists Bob Goudzwaard, Mark Vander Vennen, and David Van Heemst (2007) suggest that various modern kinds of idolatries are preventing the emergence of global solidarity. Echoing Goulet’s denunciations of waste and excessive materialism, they lay the blame at the feet of the idols of “progress”: technology and modernity. A psychological condition afflicts humanity, they suggest, marked by “heightening anxiety about the future” mingled with “elements of loss of perspective, helplessness, and even despair.” Their diagnosis is also Goulet’s: many people in today’s society “feel they no longer have a significant impact on the events that most influence their lives” (2007, 19).<sup>4</sup>

The anxiety stems from the persistence of pressing problems. In the 1970s, for example, the effort to resolve global poverty seemed to achieve the opposite: debts owed by poor countries to wealthy countries and their banks amounted to 6.3 percent of poor countries’ GDP, while foreign investments and official development assistance accounted for only 2.5 percent and 0.6 percent, respectively, of their GDP. Defense spending increased and conflicts proliferated. According to figures from the U.S. government, the number of serious international terrorist attacks increased from 175 in 2003 to 655 in 2004. Meanwhile, the environment continued to deteriorate at an alarming rate. In 1989 one species disappeared each day; in 2002, despite the adoption of the Treaty on Biodiversity, the rate reached one species an hour (Goudzwaard et al. 2007, 20–22).

Again echoing Goulet, authors Goudzwaard, Vander Vennen, and Van Heemst contend that because the conventional idea of progress rests on a notion of competition, rather than cooperation or solidarity, economic growth leads to unbridled consumption, which becomes wasteful and destructive. Anything that is not infinitely expandable and does not keep up with the rapid dynamic of progress appears to be an obstacle and is considered undeveloped. These so-called obstacles become exploited to serve other interests, which are constantly expanding (Goudzwaard et al. 2007, 26).

The behavior of money markets is a particularly startling example. The amount of trade in money through speculation on international currency markets has become forty to fifty times greater than the trade in goods. Less than 2 percent of worldwide financial transactions cover goods and services; the rest is driven by financial

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<sup>3</sup> No attempt is made here to provide a comprehensive discussion of the main issues regarding globalization and development. Our objective, rather, is to review some of the writings of Christian faith-based economists on these issues.

<sup>4</sup> For a second example of a Goulet-inflected approach, this one explicitly theological, see Long (2000). For a Catholic liberationist perspective, see Groody (2007).

speculation. “Every six hours more money is exchanged in this circuit than has been disbursed by the World Bank in its entire fifty-year history” (Goudzwaard et al. 2007, 23). Whereas money used to provide a means for purchasing necessary goods and determining prices, money markets increasingly serve as masters rather than as servants of productive goods.

The artificial creation of wealth by speculation creates instability that has damaging effects for poor countries. Required to focus attention on monetary and currency rates and values, their governments become distracted from attending to the immediate welfare of their people. In addition, the pace of change has led not only to anxiety and fear but to a shortened sense of time, inhibiting the ability of governments to take long-term views. Partly as a result, “genuine protection of human dignity in the face of existing economic and political powers falls increasingly outside the public purview” (Goudzwaard et al. 2007, 98).

Such trends within thinking on development make Goulet’s ideas even more relevant, not least his insistence on the participation of the poorer countries in global debates about the direction of development and the need for planners to respect indigenous culture and traditional norms. Since Goulet first called for these adjustments, developing countries have collaborated more consequentially in the debate.<sup>5</sup> Many of the questions Goulet raised have also been addressed by religious communities and faith-based institutions, which have played their own role in the debate over development. It is to these faith-based contributions that we now turn.

## Religious Organizations and Development

Part of the growing influence of religious organizations comes from the recognition, in official development circles, of the role of religion in promoting sustainable development. This is by no means limited to the realm of the theoretical. Religious advocacy has focused on the Bretton- Woods financial institutions—the World Bank and the International Monetary Fund (IMF)—and the deleterious impact of some of their economic policies.

Perhaps the most notable early intervention of religious organizations was their leadership of a coalition urging debt relief for developing nations. The coalition, which

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<sup>5</sup> See, for example, the Poverty Reduction Strategy Papers (PRSPs), authored by a working group from developing countries (available online at <http://www.imf.org/external/NP/prsp/prsp.asp>; accessed June 1, 2009). This participatory process involves domestic stakeholders as well as external development partners, including the World Bank and International Monetary Fund. Updated every three years with annual progress reports, PRSPs describe the country’s macroeconomic, structural, and social policies and programs over a three-year or longer horizon to promote broad-based growth and reduce poverty, as well as associated external financing needs and major sources of financing. Interim PRSPs (I-PRSPs) summarize the current knowledge and analysis of a country’s poverty situation, describe the existing poverty reduction strategy, and lay out the process for producing a fully developed PRSP in a participatory fashion.

had its origins in Latin America and Africa during the 1970s, burgeoned into a global network in the 1980s and proclaimed the year 2000 a “Year of Jubilee”—a term invoking the biblical promise of a year of debt forgiveness in recognition of and thanks for God’s forgiveness of sin. The Jubilee 2000 Coalition eventually included more than sixty-five countries and hundreds of organizations.<sup>6</sup> The debt relief campaign was truly an international, inter-religious effort. The Catholic Church in Latin America and Africa had a major influence in clarifying and raising the human effects of injustice caused by debt burdens that could never be repaid, while the Vatican’s Pontifical Council for Justice and Peace and the United States Conference of Catholic Bishops (USCCB) played particularly influential roles in lobbying for debtor countries in creditor countries and at international financial lending institutions.<sup>7</sup> As early as the 1980s, Catholic and Protestant religious organizations were working together to create a unified message with a broad base. The Catholic Church leadership, in its national bodies and in conjunction with the World Council of Churches, issued draft statements evaluating the ethics of the debt crisis. Christian Aid UK, Oxfam, and the European Network on Debt and Development—a Washington-based coalition of church and antipoverty groups—were among the organizations that called attention to the harmful consequences of debt and structural adjustment policy. In April 1996 British groups, led by the overseas relief agencies of the Anglican and Catholic churches, launched the United Kingdom’s own Jubilee 2000 campaign.<sup>8</sup>

Advocates for debt relief recognized that underdeveloped countries accrued huge debts in part because the structure of international trade was itself a disadvantage for

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<sup>6</sup> See <http://www.jubileeresearch.org/jubilee2000/about.html> (accessed June 1, 2009).

<sup>7</sup> See Donnelly (2007, 112–13, 123, 125). Efforts by the USCCB to lobby for debt relief included issuing extensive, detailed reports on the status of debt in poor countries where Catholic missionaries were working, Donnelly relates, and organizing conferences of government officials from debtor and creditor countries as well as officials from multilateral institutions, NGOs, foundations, private-sector financial institutions, and universities. The principle of solidarity was invoked to urge that all have a responsibility to provide for the unity of the human family in practical, rather than only theoretical, terms.

In addition, throughout the 1980s and 1990s the USCCB issued a series of important letters (incorporating expert testimony on debt relief) and provided powerful Congressional testimony (see <http://www.usccb.org/statements.shtml>; accessed June 1, 2009). The U.S. Catholic Bishops issued a 1986 letter on development and followed it with Congressional testimony in 1987. They then established a subcommittee of the economics pastoral drafting committee, which consulted governmental, multilateral, and commercial bank officials. The result was another letter, published in 1989, designed to augment and update the earlier analysis and provide a stronger policy advocacy. Other national Catholic Bishops Conferences also lobbied in their countries for reform, including the German Catholic Bishops in 1988. Finally, and not least, Pope John Paul II influenced the debate by issuing the encyclical *Sollicitudo Rei Socialis* in 1987, which called upon the global North “to transform its culture, reject the consumerist mentality, and re-enter the spiritual life” (see [http://www.vatican.va/edocs/ENG0223/\\_INDEX.HTM](http://www.vatican.va/edocs/ENG0223/_INDEX.HTM); accessed June 1, 2009).

<sup>8</sup> See Donnelly (2007, 107, 109, 111). “Structural adjustment” was a policy instituted by the Reagan and Thatcher administrations that required developing countries to minimize the role of government and rely on market forces in most economic spheres rather than only productive sectors.

poor nations. This stacking of the system made the debt (or at least its enormous scale) morally unconscionable. In 1999 the USCCB, in its letter on the tenth anniversary of a major statement in support of debt relief, placed the initiative in this broader context by emphasizing the need to include the full range of poor countries that “now have to make unacceptable sacrifices to human development in order to repay their debt” (Donnelly 2007, 126).<sup>9</sup> The resources freed through debt relief would be used for poverty reduction, the bishops insisted, and civil society must participate in the decision-making processes surrounding development. The bishops also recommended the implementation of mechanisms of accountability, so as to overcome corruption and other obstacles that prevent debt relief from benefiting the poor; and they argued that debt relief must be part of a broader, coordinated effort to promote sustainable development for the poorest countries (Donnelly 2007, 122).

When the G-8 finance ministers agreed in principle to a debt cancellation policy for Heavily Indebted Poor Countries (HIPC) at their 1999 meeting in Cologne, Germany, the coalition had earned a hard-fought victory. (The program began to be implemented in 2005.) Although obtaining the agreement of the G-8 leaders and the lending institutions was a step forward, church leaders and other advocates quickly identified problems with the plan, not least the reluctance of some lending agencies and the insufficient amount of relief provided.<sup>10</sup> Despite the cancellation of some country debts, the structures that produced those debts remained in place, and the organization, norms, and laws of international trade continued to place poor countries, already in a weak negotiating position, at a further disadvantage. The debt cancellation agreement, as

Goudzwaard, Vander Vennen, and Van Heemst noted in 2007, “does not alter the boomerang effect: the debt canceled represents only 2 percent of the total external debt owed by the developing countries, and the initiative leaves altogether untouched the conditions that create indebtedness among poor countries” (Goudzwaard et al. 2007, 21).

After 2005 the focus of the religious organizations broadened beyond the initial drive for debt relief toward achieving the Millennium Development Goals (MDGs) by 2015. Indeed, the MDGs, which bind nations together to fight poverty, have served as a point of convergence and (generally) constructive dialogue for the Bretton-Woods institutions and various religious organizations, including the World Conference of Religions for Peace, the Micah Challenge, and the World’s Parliament of Religions. Each of these religious organizations judged the MDGs to be consistent with their own prioritization of moral imperatives. The dialogue between these global financial

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<sup>9</sup> The statement by the USCCB is available online at <http://www.nccbuscc.org/sdwp/international/adminstm.shtml> (accessed June 1, 2009).

<sup>10</sup> Additional problems include that the definition of “debt sustainability,” which is central to the calculation of the amount of cancellation a country receives, is flawed; the IMF and World Bank make unreliably optimistic forecasts as to probable growth rates and earnings for HIPCs; too few countries have been approved to receive relief; and control over the debt reduction process lies with the IMF and World Bank, which have an interest in being repaid. See Donnelly (2007, 127).

institutions and religious organizations was, in effect, a process of negotiation that focused on common interests but also recognized points of contention.

For example, Goulet's emphasis on "humanizing development," whereby the people in underdeveloped countries are treated as subjects and agents of their own destiny, was echoed by the World Council of Churches (WCC) in a caustic letter, published in 2000, addressed to United Nations Secretary-General Kofi Annan. Written in response to "A Better World for All," a report on development by the World Bank, the IMF, and the UN, the critique caught these agencies by surprise.<sup>11</sup> The following year the WCC produced a document entitled *Lead Us Not into Temptation*, which excoriated the process that had produced "A Better World for All."<sup>12</sup> The WCC complained that the report took for granted and thereby advanced the domination of Northern "developed" countries, while it undermined a parallel, culturally sensitive process of reflection and negotiation already under way. *Lead Us Not into Temptation* unapologetically set forth "far-ranging reservations about the motivations, governance structures, policies, and programs of the Bretton Woods Institutions" (Marshall and Van Saanen 2007, 196).

As a representative of a wide array of mainline Christian denominations and churches, the WCC could not be ignored. Seeking to exercise influence in the formulation of development policy and practice, the organization was successful in arranging and participating in high-level meetings from 2002 to 2005. For their part, the IMF and World Bank were interested in learning from and drawing upon the field experience of WCC members working in underdeveloped nations. The intent of the WCC, in contrast, was much more fundamental. Its leaders wanted to debate foundational ethical issues that address the very nature of the financial institutions. During the meetings, the IMF and World Bank teams saw little reason to debate the mandate and governance structures of the institutions, since the staff members who were present had no power to influence them. As a consequence, each meeting was "an elaborate compromise. Vocabulary and assumptions were often a central focus of the meetings themselves" (Marshall and Van Saanen 2007, 199). (Attention to language, as we have noted, was not insignificant to Goulet, who decried the use of words as mere palliatives and empty statements, devoid of meaning, rather than signifying genuine commitment and action.) The meetings between the WCC and the World Bank and IMF ended on a note of reconciliation but produced little change, even though there were improvements in mutual understanding. Still, the WCC intervention created an opening for continued dialogue between the global financial institutions and faith-based organizations.

Faith-based organizations, while seeking to influence global financial institutions, have also exercised direct impact on the grassroots level. Catholic Relief Services, for

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<sup>11</sup> For "A Better World for All," see [http://www.paris21.org/betterworld/pdf/bwa\\_e.pdf](http://www.paris21.org/betterworld/pdf/bwa_e.pdf). For the WCC letter blasting this report, see <http://www.wcc-coe.org/wcc/news/press/00/22pu.html> (accessed June 1, 2009).

<sup>12</sup> For "Lead Us Not into Temptation," see <http://www.wcc-coe.org/wcc/what/jpc/temptation.html> (accessed June 1, 2009).

example, has developed expertise in *microfinance*, which is a means of lifting people out of poverty by supporting small-scale entrepreneurs. In the Philippines, Indonesia, Cambodia, and elsewhere, the practice has been particularly uplifting for women seeking to increase family income.<sup>13</sup> Similarly, the organization Five Talents (based on the Gospel parable of the faithful servant, who wisely invests a sum of money lent by his master [Matt. 25:14–30]), makes small-scale loans to entrepreneurs in nine countries, trusting these entrepreneurs to invest wisely in a new business venture. In addition to offering loan capital for the poor, consulting services, and training for savings and microcredit programs, the NGO distributes materials that promote ethical business principles.<sup>14</sup>

Other organizations focus on the “triple bottom line”; that is, they attempt to leverage their investments in multinational corporations by demanding higher levels of financial, social, and environmental accountability (Marshall and Van Saanen 2007,

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<sup>13</sup> On microfinance, see Meier and Rauch (2005, 270–72, 295, 320–29). On Catholic Relief Services, see Rogers, Bamat, and Ideh (2008). Faith-based organizations are among the creators of innovative microcredit models, explains Katherine Marshall (Marshall and Van Saanen 2007). Opportunity International is one of the best-known Christian microfinance organizations. Founded in 1971 and recognized and supported by the Bill and Melinda Gates Foundation, Opportunity operates in twenty-eight countries worldwide and provided nearly 1.5 million loans in 2006—85 percent of them to women. Other Christian organizations involved in microfinance include Food for the Hungry International, Adventist Development and Relief Agencies, Mennonite Economic Development Associates, World Vision, and Christian Children’s Fund. Dozens of NGOs offer Shari’a-compliant microfinance services in Muslim communities from Indonesia to Morocco.

<sup>14</sup> See Marshall and Van Saanen (2007, 211ff). Founded in 1999, Five Talents is an interesting example of a small, faith-inspired microfinance institution that fights poverty, creates jobs, and transforms lives by empowering the poor in developing countries through innovative savings and microcredit programs, business training, and spiritual development. Launched at the 1998 Lambeth Conference of Anglican bishops, the organization’s aim was a longterm response to debilitating poverty. Diane Knippers, one of Five Talents’ founders, wrote in the *Wall Street Journal* that it was conceived to “link two strengths of the Anglican Communion: the wealth of its North American and British adherents and the outreach of their African sister churches” (see “Houses of Worship: Anglicans in Africa,” *Wall Street Journal*, August 14, 1998).

Five Talents has its headquarters in the United States in Vienna, Virginia, with offices in London and Kampala, Uganda; an office in the southeast United States coordinates the organization’s Latin American program and curriculum development. Hundreds of volunteers across the United States and United Kingdom support Five Talents, and it has financed thousands of entrepreneurs in nine countries: Bolivia, Honduras, India, Indonesia, Kenya, Nigeria, Peru, the Philippines, and Uganda. In these countries Five Talents works through partnerships with local entities such as Christian microfinance institutions affiliated with local Anglican churches or international institutions like the Geneva-based Ecumenical Church Loan Fund. The organization is also part of numerous international microfinance networks.

Five Talents aims to give people the opportunity to lift themselves out of poverty by providing access to basic savings and microcredit services built on trusted community traditions. It also provides business training, grounded in biblical teachings, to help poor people start small businesses and begin to build their future. The organization’s primary programs include consulting services, training and education for savings and microcredit programs, materials that promote ethical business principles, and loan capital for the poor.

213). For example, the Interfaith Center on Corporate Responsibility is a coalition of 275 faith-based institutional investors—including national denominations, religious communities, mutual funds, public and private pension funds, foundations, hospital corporations, economic development funds, asset management companies, colleges, and unions. Among its target corporations are WalMart, Disney, McDonalds, Pfizer, and Citigroup. Holding significant investments in these companies, these religiously and ethically inspired shareholders are able to raise concerns and change policies at high levels of corporate decision making.<sup>15</sup>

A third category of faith-based development projects are international ventures that work to strengthen “the links between religion and teaching, educational quality and values, and efforts to build peaceful, equitable societies” (Marshall and Van Saanen 2007, 78). The international organization *Fe y Algeria*, for example, founded in 1955 by Father Jose Maria Velaz in Caracas, Venezuela, operates in seventeen Latin American countries as a partnership among Jesuit priests, university students, and families to provide high-quality education for approximately 1.3 million students. Respecting local cultures and social priorities, its national programs are tailored to the needs of the individual countries. “*Fe y Algeria*’s relationship with the Society of Jesus (the Jesuits) has been close, complex and dynamic,” writes Katherine Marshall. “The group sees itself as part of the public sector, yet it also prides itself on independence from governmental authority.” *Fe y Algeria* “maintains that its mission begins ‘where the asphalt ends’—that is, where the poorest people live” (Marshall and Van Saanen 2007, 79). Its strategic programs include curriculum development, teacher training, partnerships between educators and the private sector, support for technological innovation, and specific programs for people excluded from the labor market.<sup>16</sup> Stephan Schmidheiny and Brizio Biondi-Morra believed that *Fe y Algeria* had even greater potential. Successful business leaders as well as pioneers of business ethics and development in Latin America, they founded the social and educational network *Centro Magis* with the Jesuits Xavier Gorostiaga and Luis Ugalde (Marshall and Van Saanen 2007, 80). Its partner, *Magis Americas*, is a U.S.-based nonprofit that advances “equitable, sustainable, and environmentally sound development throughout Latin America and the Caribbean” (Marshall and Van Saanen 2007, 80).<sup>17</sup>

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<sup>15</sup> See Marshall and Van Saanen (2007, 214–15). Some priorities of the triple-bottom-line reformers include eliminating sweatshops and corporate involvement in human rights abuses; reversing global warming; halting the proliferation of genetically modified foods until safety is proven; guaranteeing equal employment opportunity for all; making pharmaceuticals and health care safe, available, and affordable to all; seeking more accountable corporate governance structures; ending foreign military sales; and achieving international debt forgiveness for the world’s poorest countries.

<sup>16</sup> See Marshall and Van Saanen (2007, 81–82). *Fe y Algeria* also develops computer programs to support project management, trains people in fundraising and accounting, helps educators and businesses elaborate an ethical code, and promotes advocacy to inform public opinion on education and lobbying for better national and international educational policies.

<sup>17</sup> *Magis Americas* supports education and community development in the poorest areas of the region through partnerships between U.S. groups and a vibrant network of Jesuit-led social action

The interfaith response to problems of rapid urbanization in Ghana provides another example of Goulet-style religious agency for human development. Ghana is a religiously mixed nation; a majority of the population is Christian, but there are also sizeable Muslim and traditional or tribal minorities. Municipal authorities in Ghana, overwhelmed by urban migration, faced the daunting problem of waste-management and sanitation. In a “seemingly improbable relationship,” faith communities in Ghana worked together with the World Bank to resolve the problem.<sup>18</sup> In 2005 the World Bank used discretionary funding for communications to gather a diverse group, including representatives from all of Ghana’s religious groups, into dialogue (Marshall and Van Saanen 2007, 89). Within a year the group was able to produce an actionable plan—the Inter-Faith Waste-Management Initiative (IFAWAMI). Chaired by a Lutheran minister, the technical committee included a Methodist leader, a representative of the National Spiritual Assembly of the Bahaas in Ghana, and a sanitation expert from the World Bank. Ultimately, IFAWAMI called for the government to disengage from its ineffective waste-management efforts, to allow citizens to take greater responsibility, and to solicit the active engagement of the private sector. The program it proposed was praised as “a creative blend of technical wastemanagement—including waste reduction, reuse, recycling, and recovery initiatives—with promotion of home latrine facilities and communitybased advocacy” (Marshall and Van Saanen 2007, 90). Because the plan relied to a large degree on community involvement and individual action, IFAWAMI depended on the effectiveness of a “united religious voice” to “change behavior through example and persuasion.” The plan included an advocacy component to mobilize communities, an education component to teach people about responsible waste-management through schools and church organizations, and a communication component that would project the message through churches and mosques as well as through press outlets in print and film (Marshall and Van Saanen 2007, 90).

## Conclusion: Signs of True Progress

Can a disordered global society embrace the values championed by Denis Goulet? There are signs of hope that it is possible. The holistic approach Goulet advocated

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groups, as well as other Catholic orders. “The main goals of Centro Magis include moving from quantity to quality [in educational and social programs] from schooling to education, from promoting individuals to enabling communities to participate in a global society, from a collection of schools to an international educational network. Of particular interest ... is its explicit aim of creating links that will heighten the private sector’s consciousness of its social responsibilities” (Marshall and Van Saanen 2007, 80).

<sup>18</sup> Solid waste includes domestic refuse as well as commercial and institutional waste, construction debris, and rubbish. Mountains of filth and garbage clutter streets, choke gutters, and endanger the food sold by nearby street vendors. Plastic bags are everywhere, including on beaches, and street children sleep in garbage. The problem extends to basic sanitation, including the presence and effectiveness (or absence thereof) of home latrines. The situation contributes to the risk of disease, including cholera, typhoid, and malaria. See Marshall and Van Saanen (2007).



has recently been reflected in critiques of the segmentation of research into restricted fields, “as though they had nothing to do with each other.” Compartmentalization, as we have seen, limits perspectives and obstructs the design of comprehensive solutions to enormous problems, making them seem more intractable and insoluble than they are in fact. Within the development field itself, the dichotomy between theory and practice has put “people-centered” development—loudly touted of late—in danger of becoming a cliché. A related dichotomy, between scientific knowledge and religious values, has separated development from religion and spirituality.

This kind of division of expertise and knowledge into discrete areas, whose different understandings of words and concepts make cooperation difficult, inhibits effective “dialogue” between potential partners across sectors of society and spheres of influence and responsibility. (Hence the somewhat tortured exchanges between the World Council of Churches, on the one hand, and the IMF and World Bank, on the other). Goulet’s vision of the development ethicist as a “multi-lingual,” crossdisciplinary bridge between fields is relevant in addressing this communication gap. So, too, is Goulet’s thematic concern with bringing spirituality into structured conversation with science. Ignoring the spiritual dimension of human aspiration, he warned, threatens to dehumanize science, thereby encouraging its predatory, divisive, and destructive tendencies.

Here, as elsewhere, Goulet’s true disciples will avoid reductionism, dualism, and other forms of oversimplification. He recognized that the contemporary revivals of “emotional religion” and spirituality—from global Pentecostalism to indigenous spirit religions—is multifaceted; not all religious groups can enter into dialogue with the disciplined studies and form a common body of human inquiry. In order to make development work for humanism, religion must be able to speak to science, Goulet argued. Religion must find language scientists understand, and it must find ways to infuse the study of science with values without denouncing the freedom of inquiry. Goulet himself embodied this seeming contradiction. Willis Harman comments:

The scientific view has been, in its way, outstandingly successful—yielding both technological and predictive successes—and hence has gained tremendous prestige. It has been broadly accepted as the nearest we can come to a “true” picture of knowledge [epistemology]. But it is nonetheless also true that the cosmos described by modern science is devoid of meaning and largely lacks relationship to the profound spiritual insight of thousands of years of human experience. (Harman 1988, 13)

Not least, Goulet’s conviction that religious organizations can and must play an important role in development seems prescient in light of the fact that the United States and the European Union now routinely channel funds for development through an array of NGOs, including a growing number of faith-based organizations. This development led the ethicist and humanitarian Judith Mayotte to suggest that “with governments cutting back their role in development, it is quite plausible that faith-based organizations may become the single major sector financing and promoting development efforts” (Mayotte 1998, 66). A decade after this judgment was offered, it is clear that religious groups have important qualities that “lead the development community in new direc-

tions” (66). Locally rooted and based, but also present in every sector of society, they empower local citizens in such a way that “dependence is diminished and genuine social change is more likely to occur” (66). Such religious organizations, Mayotte notes, have “staying power, commitment and immersion into the community”; their core values “often transcend social, political and economic issues of a community” (66). Owing to the fact that “religion is transformational, not simply transitional ... [w]hen religion informs social change, the effects of development transcend the physical and material by reaching what is important to people. The community is encouraged to base development choices on its deeper, broader values” (66). Indeed, religious values are sometimes the only thread connecting the elite and lower-class people of a society.

Accordingly, religious actors are often critical players in deep, transformative efforts such as reconciliation within war-torn societies. As mentioned in the introduction of this chapter, Goulet did not fully explore the connections between religion’s role in transforming deadly conflict and promoting transitional justice, on the one hand, and the religious-spiritual dimensions of development, on the other. But his writings on the comprehensive and culturally influential power of religion laid the groundwork for others to make the connection.<sup>19</sup>

Like Goulet, Mayotte recognizes that religion can be a two-edged sword. There are threats to religion itself: How, for example, will activism in public affairs change the nature of worshipping communities? Will religiously motivated activists who receive adequate professional training in complex development issues be divorced from their religious base in the process or diminished in their local and religious sensibilities? Moreover, religion has issues of its own to resolve if it is to be considered a reliable source of the kind of democratizing, empowering movement envisioned by Goulet and others. The missionary impulse, for example, can complicate efforts to provide comprehensive development, to say the least. How can Christian or Muslim relief and development be separated from proselytization? To take a second example, religious visions of “authentic human development” clash with one another and with secular standards. Powerful elements within Islam and Christianity, for example, diverge from the liberal consensus on women’s rights, reproductive practices, scientific research, and other matters touching the hierarchy of human values. As Goulet suggested, a system of transcendent meaning (such as Islam) can be a powerful developmental force, but it also can be suspicious and subversive of global order, and not necessarily in a constructive or creative way.<sup>20</sup>

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<sup>19</sup> See, for example, Lederach (1997, 2005), Heft (2004), Appleby (2008, 148–79 and 2005, 130–40).

<sup>20</sup> Baum writes: “First Nation peoples, whether they are Christian or practice their traditional cosmic religion, regard with great suspicion the secular approach to life taken for granted in business, government, economics and other social sciences. As all these endeavors systematically exclude the spiritual dimension of life, native peoples often regard them as a form of brainwashing designed to undermine their cultural identity the Western economic empire makes people in Africa and Asia suffer ‘anthropological oppression,’ that is, the people find themselves caught in institutions and overwhelmed by a set of symbols that rob them of their cultural identity and produce religious anguish” (2000, 63).

In a volume dedicated to the memory of our friend and colleague, Denis Goulet, how can we assess objectively his impact on lives beyond our own? The question of intellectual and moral influence is a tricky one. Citations by one scholar of another is one index, and Goulet was certainly influential by this standard. He also traveled and spoke at conferences as extensively as any scholar of his generation, as this volume attests. Moreover, Goulet himself was influenced by like-minded economists and philosophers of development who also advocated an ethical, values-centered approach, including Amartya Sen, Herman Daly, Paul Ekins, and Thomas Power. It is perhaps less important to assign primacy of place or influence than to recognize, as this chapter has indicated, that Goulet consistently articulated ideas that were coming to be shared by a wider and wider circle of ethicists, economists, and religious actors. For example, elements of Goulet's vision of authentic development, whether or not they are acknowledged as such, have been adopted by religious leaders and organizations no less than by the "technical experts" and "development specialists." How far and how accurately these professionals absorbed the fundamental insights and prescriptions of human-oriented development, however, must be evaluated according to whether specific initiatives produced constructive or palliative changes. If merely palliative, they fall under the pernicious category of "anti-development." Yet Goulet, among only a few others, did his part by pointing the way beyond short-sighted, materialist reductions of development to merely economic indicators. In incorporating into the analysis the economy of the human spirit, he may well have been instrumental in rescuing the process of development from the hands of those who would squander the most precious resource—human creativity—in pursuit of top-down, elitist-driven processes. One hopes.

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# 14. Participation in Local Development: Goulet and Deliberative Democracy

David A. Crocker

## Introduction

In this chapter I aim to improve the theory and practice of participation in local, grassroots, or microdevelopment initiatives. To accomplish this goal I proceed in two steps. First, in order to clarify the different approaches to “participation” that have occurred in the last fifty years of development theory and practice, I discuss Denis Goulet’s classification of types of participation. In relation to Goulet’s account of participation, I supplement Sen’s ideals of participation and empowerment in development with the theory and practice of deliberative democracy, which I have developed in other places. Second, I analyze and evaluate three objections that have been made to (1) Sen’s democratic turn in his version of the capability approach, (2) the theory and practice of deliberative democracy, and (3) deliberative participation in local development. Critics find these allied accounts of robust democracy and citizen participation flawed by too much indeterminacy, too little autonomy, and insufficient realism.

## Participation in Development

Since their inception after World War II, national and international initiatives to bring about “development” in “less-developed” countries periodically have aspired to make development “participatory.” More recently, the term “empowerment” has been sometimes used to express the idea that the recipients of “development” should participate in some way in the process or results of development. Usually, however, what was meant by “participation” (and “empowerment”)—while positive in connotation—was vague.<sup>1</sup> Somehow the recipients of development aid were to be involved in the process

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<sup>1</sup> For a helpful recent discussion, with full references, on both the theoretical and policy-oriented meanings of participation in development, see Agarwal (2001) and Alkire (2002, chap. 4).

of beneficial change “empowered” by it. Even when concepts of participation were precise, substantial differences existed over the goals, “point of entry,” agents, processes, causes, effects, value, and limits of “participation.” More problematic is that the banner of “participation” has been waved over projects that were, at best, thinly participatory or, at worst, smokescreens for elite control. Several writers have recently exposed and excoriated a dark side—the antidemocratic side—of so-called participatory approaches and practices (see Rahnema 1992; Cooke and Kothari 2001; Kumar and Corbridge 2002; Williams 2004; Easterly 2006, 144–45, 195–99). Jay Drydyk (2005) has ably analyzed and assessed these recent criticisms and argued for a deeply democratic approach to participatory development. Before examining in more detail Drydyk’s ideas, I want to approach the issue of participation and situate the ideal of deliberative participation in relation to some efforts to classify types of participation.

The late Denis Goulet—the widely acknowledged pioneer of development ethics—offered one such classification (Goulet 1989; Crocker 2006b). Throughout his career (see, for example, Goulet 1995, 2006), most emphatically in “Participation in Development” (1989), he emphasized the principle of what he called “nonelite participation in development decision-making,” or, more briefly, “nonelite participation.” The basic idea is that persons and groups should make their own decisions, at least about the most fundamental matters, rather than having others—government officials, development planners, development ethicists, community leaders—make decisions for them or in their stead. Authentic development occurs when groups at whatever level become subjects who deliberate, decide, and act in the world rather than being either victims of circumstance or an object of someone else’s decisions and the tool of someone else’s designs. For example, Goulet applauds the Brazilian pedagogue Paulo Freire’s agency-oriented ideal of participation (see Freire 1968):

For Freire, the touchstone of development is whether people previously treated as mere objects, known and acted upon, can now actively know and act upon, thereby become subjects of their own social destiny. People who are oppressed or reduced to the culture of silence do not participate in their own humanization. Conversely, when they participate, thereby becoming active subjects of knowledge and action, they begin to construct their properly human history and to engage in processes of authentic development. (Goulet 1989, 165)

Goulet correctly recognizes that this commitment to nonelite participation does not get us very much beyond “participation” as a universally approved “buzzword” with either little content or, even worse, with whatever content one wants to supply. Everyone is for “participation,” but it turns out that in practice people often give the term very different meanings. Goulet makes additional headway in clarifying *his* normative concept of nonelite participation in two ways. First, he borrows Marshall Wolfe’s 1983 working “operationalization” of the concept as it relates to development. Participation, says Wolfe, is “the organized efforts to increase control over resources and regulative institutions in given social situations, on the part of groups and movements hitherto excluded from such control” (Wolfe 1983, 2). Nonelite participation has to

do with people's decision making about and control over resources and institutions. Productive activity is not participatory unless the producer has a role in freely and intentionally shaping that activity. Second, recognizing that even with this working definition, the term "participation" covers many different phenomena, Goulet helpfully distinguishes different *types* of participation on the basis of normative role, originating agent, scale, and "point of entry" in a group's decision-making process.

Popular participation, however conceived, can be one goal of development, or only a means to other goals (such as economic growth), or both an end and a means. Similar to the agency argument for democracy that I have developed in other writings (see Crocker 2006a, 2008), Goulet commits himself to popular agency as intrinsically valuable. Popular participation is a way in which people manifest their inherent worth. To respect and promote such participation is to respect the dignity of hitherto neglected or despised people: "Participation guarantees government's non-instrumental treatment of powerless people by bringing them dignity as beings of worth, independent of their productivity, utility, or importance to state goals" (Goulet 1989, 175). Additionally, Goulet defends participation on instrumental grounds. The right kind of participation, at least its "upstream" variety, is likely to have good consequences in reducing poverty, expanding solidarity, and strengthening self-reliance.

Goulet also recognizes that participation occurs on different scales. Although the popular image of participation involves balloting in national elections, citizens' face-to-face involvement in local governments, or grassroots development projects, issues of participation of women arise in households, and citizen participation in addition to voting is possible in national and global governance structures. Throughout his career Goulet insisted that one of development's most important challenges is to find ways in which "micro" participation can be extended to venues of "macro" decision making.

Furthermore, Goulet identifies three types of participation in relation to what he calls "the originating agent." The originator of development may be from "above," "below," or the "outside." Elite groups, acting "from above," sometimes establish nonelite participation on municipal or micro levels. This occurred in 1989 in Porto Alegre, Brazil, when the Workers' Party set up the participatory budgeting process in that city of 1.5 million people.<sup>2</sup> Similarly, in 1996 in the Indian state of Kerala, the Left Democratic Front (LDF) coalition decentralized power and "empowered local government to a far greater degree than in any other Indian state."<sup>3</sup>

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<sup>2</sup> See Baiocchi (2003, 45–76). Goulet (2005) applauded the Porto Alegre participatory budgeting process.

<sup>3</sup> See Isaac and Heller (2003, 78). Jean Dreze and Amartya Sen (2002, 349, 358) discuss the Indian constitutional amendments that facilitated the renovation of the Panchayat system of governance. In many nations there have been recent efforts to decentralize the national government and put more power and resources under the control of state or local governments. Recent comparative studies confirm anecdotal evidence that decentralization has had a mixed record in making local (or national) democracies more deliberative. See Manor (1999); Oxhorn, Tulchin, and Selee (2004); and Selee (2006). The last includes an exhaustive bibliography.

Participation can also originate from below when a local community or national sector spontaneously mobilizes and then organizes itself to resist exploitation or oppression or to solve an urgent problem. Underground neighborhood associations during Pinochet's dictatorship in Chile illustrate the former, and the spontaneous rise of associations of garbage pickers (*cartereros*) in Argentina after its 2001 economic collapse exemplifies the latter. William Easterly is a recent exponent of "homegrown" and "bottom" citizen searching for piecemeal and incremental solutions to local problems (Easterly 2006, 195–99, chap. 10).

External agents are Goulet's third type of originators of participation. Outsiders to the group, whether national or international, need not impose—from above—their views on the group, manipulate it, or co-opt it. Rather, they may *facilitate* the participation of insiders by describing the options available for insider choice. Temporary "pump primers," the outside catalytic agents help people help themselves. The outside agents stay only until the people are awakened "to their dormant capacities to decide and act for themselves" (Goulet 1995, 94). Goulet is aware, as are some recent critics (noted above) of participation, that each of the three ways of originating participation may go astray and weaken or undermine local control if not result in outright domination. People from above and outside as well as insider leaders, often using the rhetoric of nonelite participation, may capture power and dominate the group. Examples of Goulet's point, arguably, are Hugo Chavez's *caudillo*, or big boss-like, relation to his own people in Venezuela and the United States' imposition of democracy on Iraq.

Finally, Goulet very helpfully classifies types of citizen participation according to the precise point at which nonelites are invited or insert themselves in a group's decision-making process: (1) initial diagnosis of the problem; (2) listing of possible solutions; (3) selecting one course of action; (4) preparing for implementation; (5) evaluating and selfcorrecting during implementation; and (6) considering the merits of further action. Goulet's classification of these nonexpert entry points alerts us that the more citizens participate "upstream" in decision making, the more fully people express their agency and the better the likely consequences with respect to social justice. When Goulet claims that "the quality of participation depends on its initial entry point," however, it is not correct that the entry point exclusively determines the quality of participation. As I note below, with respect to *each* of these times of entry, with the possible exception of the last one, a variety of ways or modes of participation exist—some more active, deliberative, and influential than others.

We can supplement Goulet's classification in at least three ways. First, we can classify participatory arrangements, as we can quality of democracy, with respect to inclusiveness: How wide is the membership of the group? Agarwal (2001), for example, assesses community forestry groups in both India and Nepal in relation to the extent to which they include or exclude women. Other researchers examine the extent to which local development projects include other sectors of the community, especially the poor or the shunned.



Second, we should supplement Goulet's typology and, like Agarwal, investigate the causes of and impediments to different sorts of participation and participatory exclusions. What, asks Agarwal, determines participation? With respect to the exclusion of women, for example, she identifies the following causal factors: formal rules that exclude women from group membership; social norms, such as gender segregation in public spaces; the gender division of labor, in which women's domestic duties leave them little time for public participation; gendered behavioral norms that emphasize "self-effacement, shyness and soft speech"; social perceptions that women are ill-equipped to participate; men's traditional control over community structures; and women's lack of personal property (Agarwal 2001, 15–18).

Third, and for our purposes most importantly, we add to Goulet's typology by distinguishing *how* a group's nonelite members participate, especially in the group's decision making. Drawing on and supplementing the classificatory work of Agarwal (2001), Pretty (1994), Gaventa (1998, 157), and Drydyk (2005, 259–60), I distinguish—from thinner to thicker—a spectrum of *modes* of participation in group decision making:

1. *Nominal participation*: The weakest way in which someone participates in group decision making is when someone is a member of a group but does not attend its meetings. Some people, of course, are not even members. Some are members but are unable to attend because of other responsibilities, or they are unwilling to attend—for instance, because they are harassed or unwelcome.
2. *Passive participation*: Nonelites are group members and attend the group's or officials' decision-making meetings, but they passively listen to reports about the decisions that others have already made. The elite tells the nonelite what the elite is going to do or has done, and nonelite persons participate (like the White House press corps) by listening and, at best, asking questions or making comments.
3. *Consultative participation*: Nonelites participate by giving information and their opinions ("input," "preferences," and even "proposals") to the elite. The nonelite neither deliberate among themselves nor make decisions. It is the elite who are the "deciders," and while they may deign to listen to the nonelite, they have no obligation to do so.
4. *Petitionary participation*: Nonelites petition authorities to make certain decisions and do certain things, usually to remedy grievances.<sup>4</sup> Although it is the prerog-

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<sup>4</sup> Petitionary participation differs from consultative participation because the activity of petitioning is more robust than merely expressing views and making proposals; in the former but not the latter, the nonelite have the right to be heard and the elite have the duty to "receive and consider" petitions. Nickel briefly discusses the nature and importance of the right of citizens to petition governments and the related "duty of governments to receive and consider petitions" (2005, 211). In consultative participation the nonelite are dependent on the favor rather than the duty of the elite to "receive and consider."

ative of the elite to decide, the nonelite have a right to be heard and the elite have the duty to receive, listen, and consider their proposals if not to heed them. This participatory model, like that of consultative participation, is often used in traditional decision making.

5. *Participatory implementation*<sup>5</sup>: Elites determine the goals and main means, and nonelites implement the goals and decide, if at all, only tactics. In this mode nonelites do more than listen, comment, and express. Like soccer players, they also make and enact decision, but the overall plan and marching orders come from the coach.
6. *Bargaining*: On the basis of whatever individual or collective power they have, nonelites bargain with elites. Those bargaining are more adversaries than partners. Self-interest largely, if not exclusively, motivates each side, and nonelite influence on the final “deal” depends on what nonelites are willing to give up and what concessions they are able to extract. The greater the power imbalances between an elite and nonelite, the less influence the nonelite has on the final outcome. An elite may settle for some loss now in order to make likely a larger future gain. Alliances with and support from actors outside and above tend to enhance nonelite bargaining power.<sup>6</sup>
7. *Deliberative participation*: Nonelites (sometimes among themselves and sometimes with elites) deliberate together, sifting proposals and reasons to forge agreements on policies that at least a majority can accept.

The further we go down the list, the “thicker” is the participatory mode in the sense of more fully expressing individual or collective agency. It requires more agency to attend a meeting than be a stay-at-home member, and even more agency to comment actively or petition than merely listen, accept others’ decisions, or do what one is told. In both bargaining and deliberative modes, nonelite individuals and groups manifest even more robust agency because they are part of the decisionmaking process and not passive recipients of others’ decisions.

It should also be noted that different kinds of participation are likely to differ with respect to their consequences. Of particular importance to the agency-focused capability approach is the extent to which nonelites are likely—through the different kinds

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<sup>5</sup> Agarwal (2001) calls this mode “activity-specific participation,” but I believe my term better captures the idea that the elites decide on the plan and the nonelite carry it out.

<sup>6</sup> For a defense of bargaining with the state, with the community, and within the family, see Agarwal (2001, 18–22). For a fairly sharp distinction between bargaining and deliberation based on the former’s prudent motivation and the latter’s desire to justify one’s views to others, see Gutmann and Thompson (1996, 52–63, 349–50; 2004, 113–15, 148–49). There are, of course, various models of both bargaining and negotiation, some of which include a deliberative component rather than exclude it altogether. Moreover, a group may deliberately decide to bargain, and its bargaining now may be a means to achieve eventual deliberation. In future work I intend to clarify the relations between and assess the respective merits of different models of bargaining, negotiating, and deliberating.

of participation—to make a positive difference in the world, such as promoting human development. In a particular context, for example, some sort of nondeliberative participation—such as petitioning or bargaining—may be more efficacious than deliberative participation in promoting development as capability expansion and agency enhancement.<sup>7</sup> Moreover, a nondeliberative mode of participation now may play an important role in bringing about deliberative participation in the future.

How would Goulet regard these further classifications of participation? Goulet does emphasize that citizen “voice” or influence must make a difference in development policy and practice. With his concept of participation from below, Goulet argues that participation in micro venues of decision making must scale up to macro arenas and confer “a new voice in macro arenas to previously powerless communities of need” (1995, 97). As in his appeal to Marshall Wolfe’s concept of participation as effective control over resources, Goulet improves upon some notions of deliberative democracy that seem content with talk and agreement even when not efficacious. Agency, as I have agreed with Sen, is not just making (or influencing) a decision, even when the decision is the outcome of deliberation. It is also effectively running one’s own individual or collective life and thereby making a difference in the world.

Although Goulet does emphasize *effective* nonelite participation, his treatment of “deliberative participation” is relatively underdeveloped. It is true that Goulet endorses, in participation from above, what he calls “reciprocal dialogue” between experts and nonelite participants. Moreover, he affirms the importance of “vesting true decisional power in non-elite people, and freeing them from manipulation and co-optation” (Goulet 1995, 93). What he does not do, however, is provide an account of the *process* by which people with diverse value commitments can and often should engage in a deliberative give-and-take of practical proposals and arrive at a course of action that almost all can accept. He rightly insists that the mere fact of consensus does not justify the consensus, since the “agreement” may be the result of elite manipulation (Goulet 1976, 29). He does not, however, discuss the dynamics of the process leading to a normatively compelling consensus. I intend the account of theory and practice of deliberative democracy, offered in greater detail in my *Ethics of Global Development* (Crocker 2008), to contribute to filling this lacuna.

## Objections

Many criticisms have been launched against the theory and practice of deliberative democracy in general and against deliberative participation in local, national, and global development.<sup>8</sup> Critics have charged, for example, that deliberative democracy

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<sup>7</sup> In his normative conception of democracy, Drydyk (2005, 247–67, esp. 252–57) helpfully emphasizes the concept of “control,” understood as people’s influence over decisions and the social environment, especially wellbeing freedoms and achievements.

<sup>8</sup> Young (2000, 36–51) helpfully analyzes and evaluates these and other objections.

is too rationalistic and orderly for the messy and passionate worlds of democratic politics and participatory development promotion, which do not conform to the alleged tranquility of the philosophy seminar. Others have claimed, in spite of protests to the contrary, that deliberative democrats still think in terms of face-to-face and local group interactions and tend to see national deliberation as “one big meeting.” Still others have claimed that the ideal deliberators are those who ignore their own interests and grievances and ascend to an impossible and ethically undesirable realm of Rawlsian impartiality.

I think these particular criticisms have been or can be met. One way to do so, which I have employed in other writings (Crocker 2006a, 2008, chap. 9), is to defend a version of deliberative democracy designed to overcome problems found in earlier versions.<sup>9</sup> Another way is to look at actual experiments in deliberative democracy and consider what the evidence shows. Empirical evidence often reveals that the allegedly bad effects of deliberative democracy in fact do not happen, happen much less than is supposed, or may be eliminated through better institutional designs.

Other criticisms or worries, however, continually surface among those sympathetic to the capabilities approach, deliberative democracy, or the convergence of the two currents in the ideal of deliberative participation. The first objection, the “indeterminacy criticism,” accepts deliberative democracy’s egalitarianism but says that Sen’s ideal of democracy as public discussion is insufficiently determinate, would reproduce and even accentuate existing economic and other inequalities, and, therefore, would be bad for women, minorities, and poor people. In contrast, the second criticism, “the autonomy criticism,” argues against deliberative democracy on the basis that it allegedly puts too many constraints on a society’s decision making. The third criticism accepts deliberative ideals in development but argues that they are totally unrealizable in our unjust world and that, therefore, we should not strive for deliberative institutions.

## The Indeterminacy Objection

The “indeterminacy criticism” assumes, as does Sen and most deliberative democrats, that economic, political, and, more generally, social power is distributed very unequally in the world. This asymmetry of power afflicts groups at all levels—local, national, and global. To ascribe unconstrained agency, autonomy, or self-determination to groups themselves is to guarantee that the asymmetries will be reproduced when the group decides and acts. Rather than mitigate—let alone eliminate—these power imbalances, deliberative institutions and procedures at best have no effect and at worst accentuate unacceptable inequalities. Unconstrained democratic bodies will perpetuate and even deepen minority suppression or traditional practices that violate human rights. People with elite educations and well-traveled families tend to excel in debate; men are often

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<sup>9</sup> Such is the strategy of Young (2000) when she criticizes the “face-to-face” and “rationalism” arguments, and of Mansbridge (2003, 178–95) when she responds to the “impartiality” objection.

thought to be better deliberators or are permitted more speaking opportunities than women; and the poor, ill-educated, and newly arrived immigrant will lose out in what is supposed to be a fair interchange of reasons and proposals.

Instead of invoking democratic agency, the objection continues, what is needed is a prescriptive philosophical theory of the good life or human rights to be embodied in every nation's constitution. Some freedoms are good—for instance, freedom from rape and of sexual equality—and some are bad—for instance, freedom to exploit and rape. With constitutional mandates that protect human rights or good freedoms, democratic bodies will not reproduce power inequities but rather will ensure that the human capabilities, valuable freedoms, and human rights of all people, especially those with lesser social power, will be protected.<sup>10</sup>

In the following lengthy passage, Martha Nussbaum makes this indeterminacy objection, assuming in her formulation not economic inequalities but rather gender inequalities:

[Sen and I have differed on the issue of] the importance of endorsing unequivocally a definite list of capabilities for international society [endnote omitted]. Like the international human rights movement, I am very definite about content, suggesting that a particular list of capabilities ought to be used to define a minimum level of social justice, and ought to be recognized and given something like constitutional protection in all nations. Now of course some human rights instruments,

or my capabilities list, might be wrong in detail, and that is why I have continually insisted that the list is a proposal for further debate and argument, not a confident assertion. But it is quite another thing to say that one should not endorse any definite content and should leave it up to democratic debate in each nation to settle content..... Sen's op

position to the cultural defense of practices harmful to women seems to me to be in considerable tension with his all-purpose endorsement of capability as freedom [endnote omitted], his unwillingness to say that some freedoms are good and some bad, some important and some trivial.

When we think about violence against women, we see that democratic deliberation has done a bad job so far with this problem I view

my work on the capabilities list as allied to their [the international women's movement] efforts, and I am puzzled about why definiteness about content in the international arena should be thought to be a pernicious inhibition of democratic deliberation, rather than a radical challenge to the world's democracies to do their job better.<sup>11</sup>

I have four problems with Nussbaum's argument. First, in comparing democratic decision making with a democracy constitutionally constrained by her list, she compares failures of "actually existing" democracies with alleged successes of democracies in

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<sup>10</sup> See, for example, Gould (2004, chap. 1, esp. 31–42).

<sup>11</sup> Nussbaum (2005, 179). The two omitted endnotes refer, respectively, to Nussbaum (2003) and Sen (1999).

which her list is not only constitutionally embodied but the constraints actually result in compliance with constitutional norms. This recalls the equally unfair comparison of ideal capitalism with actually existing socialism (or the reverse). One can compare the ideal competitors with other ideal competitors, or the actual social formations with “really existing” rivals, but not actual democratic decision making with ideal, list-informed constitutional democracies. It is important to observe that fine philosophical theories of justice and splendid constitutions do not—by themselves—guarantee that a society is just or law-abiding. Asymmetries of power can be just as inimical to the rule of philosophers or the rule of law as it is to rule by the people.

Second, I fully endorse Nussbaum’s challenge to democracies to “do a better job.” But one way for them to do so is by becoming more robust democracies, ones that are more inclusive, tackle rather than duck important issues, and both offer opportunities for and promote higher quality of citizen participation. It is not quite right to say that the only solution to a defect in democracy is more and better democracy. Nondeliberative and even nondemocratic methods sometimes may be used to bring about or protect a democracy as such and deliberative democracy in particular. We deliberative democrats, however, have good reason to believe that it is precisely in making democracies more democratic—along the four dimensions I propose above—that democracies are most likely to make decisions that provide the very protections, including that of minorities, that Nussbaum rightly deems important. As Sen reminds us, both agency (the *process* aspect of freedom) and capability (the *opportunity* aspect of freedom) are intrinsically important, and each can contribute to the other. The importance of promoting and protecting well-being freedoms should not, however, weaken our commitment to the at least equal importance of fair agency freedom and achievement (Sen 1999, 17, 285, 290–92).

Third, Nussbaum’s “constitutionalism” gives insufficient weight to the role that democratic deliberation plays in the formation, interpretation, and change of constitutions. Although constitutional conventions, and the larger public discussion of which they are a part, involve much power politics—such as interest-based politicking, lobbying, and negotiation—such conventions also illustrate the very deliberative features captured in the model of deliberative democracy. Moreover, although more or less difficult to alter, constitutional democracies have procedures for constitutional amendments. Finally, although Nussbaum leaves ample room for a democratic body to “specify” her list, this exercise would not be sufficiently robust. It does not permit, as it should, a democratic body deciding that in its particular situation personal security is more important (right now) than health care (or vice versa). Democratic bodies, at whatever level, must often decide not merely between good and bad but also between good and good in particular situations. To block all tradeoffs within her list is not only to limit the agency of democratic citizens but also to prohibit them from achieving

increments of good in those situations where all good things do not go together.<sup>12</sup> It is precisely because of the importance of self-determination that federal constitutions increasingly devolve a certain range of decisions (and resources to implement them) to state or municipal democratic bodies.<sup>13</sup> Similarly, outside funders, such as Oxfam in Alkire's (2002) cases, often provide the resources but require that local development projects make their own decisions on their ends and means. Perhaps drawing on the Brazil health council case, Goulet (1989; see also note 13) recognized that agents from above and the outside could initiate robust citizen participation in local development.

A fourth problem with Nussbaum's statement of the "indeterminacy objection" relates to her assumption about the respective roles of normative theorizing, constitutions, and democratic decision making. Nussbaum, as I argue elsewhere (Crocker 2008, chap. 5), has changed her list over the years, often responding to criticism; and she asserts that her current list is put forward not as a "confident assertion" but as "a proposal for further debate and argument." Yet, she continues to propose that (something like) her list will be enshrined more or less intact in constitutions, which then should be the new touchstones of normative correctness. It is better, I submit, to resist the impulse to absolutize any of the three—normative theory, political constitutions, or democratic bodies. Rather, we should see them in ongoing dialectical tension and mutual criticism. For each can make serious mistakes, and each can be improved by listening to the other. Nussbaum hit the right note when she describes her list as "a proposal for debate." Such debate should take place among and between constitutional framers, judges, and democratic bodies at all levels. Constitutional advances, like democratic experiments, can in turn correct the one-sidedness of normative theorizing.

It might be argued that neither Nussbaum's criticism of democracy (without a constitutionally enshrined list) nor my four replies confront a deeper problem of democracy. Democratic bodies—whether or not constitutionally constrained (Nussbaum) and whether or not inclusive, wide-ranging, deep, and effective—can make unjust decisions, ones inimical to the well-being of minorities or even majorities. The notion of agency

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<sup>12</sup> Nussbaum repeatedly argues that since the items on her list are incommensurable (which I accept), they cannot be traded off. See, for example, Nussbaum (2000, 81; 2006, 174–76). The conclusion does not follow from the premise, however. Just because love of life and love of country are incommensurable, it does not follow that the Moroccan deciding whether or not to escape severe privation in his homeland cannot—when he cannot have both—decide for one good (more opportunity in Spain) rather than the other (being part of his family and country). Given insufficiency of resources, governments must choose among or prioritize various goods, such as health care and lower taxes. It is not that more of one good makes up for or compensates for less of the other; rather, we often cannot have two good things at the same time and must choose between them.

<sup>13</sup> The 1988 Brazilian constitution defines health as both a right of all citizens and the responsibility of the state to provide it through its Unified Health System (SUS). The SUS in turn "introduced the notion of accountability (*controle social*) and popular participation" and "stated that the health system had to be democratically governed and that the participation of civil society in policymaking was fundamental for attaining its democratization" (Schattan et al. 2002, 176). Within this Brazilian legal framework, health councils, in which citizens deliberate on health priorities and policies, have proliferated on federal, state, and municipal levels of government.

might be taken to imply that everybody, including slave-owners or white racists, could do whatever they wanted and not be constrained by a commitment to the well-being of others. Democracy is but a tool to effect justice in the world, and when it fails to do so it must be criticized in the light of the intrinsically good end of justice.

It is true that the democrat is not only committed to agency as intrinsically good and as expressed in democratic procedures but also to reduction of injustice. She believes that one good way—but not the only way—to promote and protect everyone’s well-being freedoms is by an inclusive, deliberative, and effective governance structure based on the *equal* agency and agency freedom of all. Robust democratic institutions are venues in which both free and *equal* citizens express their agency through a fair process. This process is not fair if some are excluded from participating or if the minority (or majority) does not accommodate both the agency and concerns of the majority (or minority). The solution is often to improve the democratic body along one or more of the dimensions of breadth, range, depth, or control. For instance, citizen petitioning of officials or nondeliberative protests might be more effective than deliberation in influencing decisions. Better ways may be found to ensure that power asymmetries are more effectively neutralized and that everyone has voice.

Yet democracy, while intrinsically good, is not everything, and sometimes democrats concerned with justice will have to bypass or suspend it to prevent or remove some great injustice. It does not follow, however, that we need a *theory* of justice or a philosophical list of capabilities or entitlements to tell us when to choose well-being outcomes over agency-expressing democratic process. And the choice of justice over democracy is or itself should be an expression of agency (rather than someone else’s choice). What follows, rather, is that our commitments to both equal agency and adequate well-being for all should lead us to criticize democratic processes both when they fail to be sufficiently democratic and when they fail to deliver on their promise of justice.

## The Autonomy Objection

The autonomy criticism objects to both Sen’s democratic turn and deliberative participation because they allegedly impose on a community a rigid, autonomy-threatening model of democratic and deliberative aims, ideals, processes, and virtues. What if a society would rather adhere to its past traditions of hierarchical decision making rather than adopt democratic decision making based on an assumption of free and equal citizens? What if a local community decides to reject outside development assistance if and when this assistance is tied to inclusive deliberation? If we genuinely embrace Sen’s ideal of agency and deliberative democracy’s ideal of being in charge of your own (collective) life, should we not respect a group’s decision to be nondemocratic and even antidemocratic? Should we not respect what Galston (2002) calls the group’s “expressive liberty” to choose and live a communal life that prizes obedience to topdown authority?



There are two responses to this argument, both of which presuppose the value of agency. The first response challenges the assumption that everyone in the group is in agreement with the “will” or “decision” of the group.<sup>14</sup> In fact it may be that a small elite has decided on hierarchical rule and has imposed that decision through force, fear, manipulation, or custom on the remaining members of the community. It should not be assumed that this elite, which is well-served by hierarchical practices, speaks for everyone. Moreover, the only way that it could be known whether everyone freely agreed with leaders or the culture of obedience would be for people to have a real chance to decide for themselves and engage with their fellow group members in public discussion on the merits of different forms of governance. In order for an individual to have the freedom to decide for or against the nondemocratic way of life, she must have information about alternatives and be able, if she chose, to exercise critical scrutiny of claims and counterclaims. Some features of democracy, then, would be necessary for a people (and not just their leaders) freely to decide to reject democratic freedom and deliberation.

The second response bites the bullet and accepts that most members of a group knowingly, voluntarily, and freely decide to reject democracy and deliberative participation. Those members who disagree should have the right and means to exit from the group, and democratic groups would have a duty to give them refuge and a new life. But what about those who decide to stay and continue to oppose democratic and deliberative modes? I think the only consistent answer for the defender of agency is to accept this decision to reject democracy (as long as it was not imposed). There might be some suspicion that conditions for a free choice really did not exist—that people were still being forced or conditioned to accept nonfreedom. But at some point, reasonable doubt should be satisfied. Then the proponent of autonomy regretfully respects the group members’ autonomous choice no longer to exercise their agency. The leaders, presumably, accept the will of the people and agree to stay in charge.

This second response is also the basis for answering the specific objection that democracy is incompatible with autonomy. More specifically, this version of the autonomy objection argues that public discussion, which Sen endorses, violates autonomy, as does—even more so—deliberative democracy’s package of aims, ideals, four-stage procedure, and citizen virtues. Although she does not herself accept this objection and indeed tries to show that it does not undermine her own proposal for a political procedure based on Nussbaum’s “thick vague” theory of human good, Deneulin formulates the autonomy criticism (before attempting to answer it):

Letting policy decisions be guided by a certain procedure of decisionmaking is inconsistent with the demands of human freedom, and inconsistent with the spirit of democracy itself. Indeed, by assessing the quality of how people decide about matters that affect their own lives in the political community through evaluating to what extent their decisions have respected certain requirements, one deeply infringes on their

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<sup>14</sup> Sen (1999, 241–42) also employs this argument.

freedom. People are somehow not allowed to exercise their political freedom the way they wish. (2005, 89)

Deneulin's formulation does not quite get the objection right, for the phrase "letting policy decision be guided" is too lax. Better for the autonomy objection to say, as Deneulin does later in the quoted passage, that freedom is infringed because "people are somehow not allowed to exercise their political freedom the way they wish." Sen, so the objection goes, is imposing public discussion on people. Deliberative democrats are forcing people to participate in inclusive, wide-ranging, and deep, democracy. The autonomy criticism sounds like the little boy who plaintively asked his "free school" teacher in 1970, "Do we have to do whatever we want to do again today?" "Do we," asks the autonomy critic, "have to engage in public discussion and democratic deliberation if we choose not to?"

Again, the answer is: "No, you don't have to, but this option is open to you." Similarly, to decide to accept the aims, ideals, procedures, and virtues of deliberative democracy is not an abrogation of freedom as long as one has other options and one (or the group) makes its own decisions to embrace, modify, or reject deliberative democracy. The point is illustrated by the decision to compose music within the blues tradition. One is not forced to compose or sing the blues; other musical genres are available. Once one uses his or her freedom to be a bluesman or blueswoman, however, there are certain blues conventions that composerperformers from Robert Johnson and Bessie Smith to B. B. King have observed. Freedom goes further, however, for the blues composer, guitarist, or vocalist can creatively modify and supplement the blues format. Likewise, deliberative democrats offer their model not as something to impose on groups but as something they have putative reason freely to accept and modify as they see fit.

Moreover, there may sometimes be good reasons to reject or postpone rather than employ deliberative and other democratic methods. Employing deliberation may sometimes be too costly with respect to other values, such as nondomination or group solidarity. The women in a microdevelopment project may decide collectively to defer to one of their leaders. To decide autonomously not to express group agency in deliberation is itself a manifestation of agency or autonomy. The problem for both Sen and the deliberative democrats comes when someone, a tyrant or *jefe maximo*—or something else, such as an unscrutinized tradition or the "force of circumstance"—makes the decision for the group. Then the group is not in charge of its own life, and individual and group agency has been sacrificed.

## The Realism Objection

Many people initially respond positively to the ideals of robust democracy in general and deliberative participation in particular. They end up rejecting the latter, however, because it is too utopian or "idealistic," too much concerned with "what ought to be" and too far removed from "*actual* world conditions" (Deneulin 2005, 81). Deliberative

democrats must take this objection very seriously, but I believe it can be answered. Let us initially make a distinction between two versions of the realist objection, both of which appeal to the asymmetry of economic, political, or social power as a premise. One criticism says that due to power asymmetries, it will be impossible to advance from our present unjust world of thin democracies to the symmetric conditions presupposed by robust democracy. The other version says that even if deliberative democracy or participation were somehow established, it would soon reinforce and even deepen power imbalances.

The most effective refutation of the impossibility version of the realist objection is to point to actually existing deliberative institutions. It is surprising how rarely self-described realists examine the *actual* world that they hold up as a touchstone for normative truth. If they did, they would find that there are hosts of deliberative institutions around the world.<sup>15</sup> It is true that many of these are at the neighborhood or city level, although Kerala's renovated Panchayat system functions in an Indian state of 40 million people. It is also the case that many of these institutions were developed fairly recently and should be termed experiments rather than sustained institutions. Moreover, much more research is needed about what sorts of impact these institutions have had on people's lives and their surrounding societies (see Levine, Fung, and Gastil 2002, 271–86, esp. 280–81). Finally, the efforts to democratize existing democracies and development practices vary with respect to how well they realize the goals of an inclusive, wide-ranging, deep, and effective democracy.

We do know enough, however, to challenge both versions of the realist objection. Some democratic innovations, especially those in Kerala and Brazil, are redistributing both power and opportunities. Moreover, we are learning ways to improve democratic practice so that new institutions more fully approximate the ideal. The ideal is something to guide action and remedy shortcomings—not an impossible dream.<sup>16</sup>

The lessons learned through the hundreds of innovative democratic practices in existence around the world also provide evidence for how to get from a thinly democratic and unjust world to a more deliberative and just world. Here Archon Fung's (2005) recent work is particularly instructive. Fung distinguishes between deliberative and nondeliberative methods for advancing the goals of deliberative democracy. And he distinguishes between two very different sorts of obstacles, each of which comes in degrees, to the realization of these goals: (1) unwillingness to deliberate, and (2) inequality.

Where members of a group are more or less willing to deliberate, they often find institutional designs for improving the quality of deliberation. These devices are most successful when group members are similar and relatively equal, as was the case with

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<sup>15</sup> The three most important anthologies, each containing many and extensive case studies of deliberative institutions, are Fung and Wright (2003), Santos (2003), and Gastil and Levine (2002). For the point about theorists and other scholars benefiting from learning about concrete cases, see Levine, Fung, and Gastil (2002, 280–81).

<sup>16</sup> For examples, see the case studies in the anthologies cited in note 15.

Alkire's (2002) three communities. The arrangements, however, are also effective—if there is willingness to deliberate—in overcoming inequality of various sorts. For example, participants in a deliberative exercise may be randomly selected or invited from underrepresented groups. Seats for women or other groups historically discriminated against are set aside in assemblies. Skilled facilitators fairly distribute chances to participate in deliberative give and take. Agreed-upon rules give women, junior members, or those who have not yet spoken the right to participate first or next. Higher-level structures “capacitate” members of lower-level groups, monitoring and improving their deliberative skills. Deliberative exercises provide information on the issues to less-informed or less-educated participants. These arrangements, whether employed in setting up or improving a democratic body and whether used in groups with unequal or equal members, all presuppose that group members are of goodwill and willing to deliberate.

To meet the realist objection more adequately, however, Fung considers cases where there is both significant unwillingness (and even hostility) to deliberate and inequality among group members. Under these circumstances he wisely rejects two options. Deliberative democrats should not foolishly use deliberative methods when they have no chance of working, just as a proponent of reasoned persuasion should not try to reason with a crazed and knife-wielding killer. Neither should deliberative democrats go to the other extreme and indiscriminately use any and all nondeliberative methods to work for a more deliberative society. Those methods not only include the legal staples of power politics—logrolling, lobbying, clientalism, public shaming—but also illegal methods such as “dirty tricks,” vote stealing, bribes, and worse.

The deliberative democrat seeking to advance the prospects of deliberative democracy in an unjust world may choose nondeliberative methods but only when he (1) initially acts on the rebuttable presumption that those opposing deliberation are sincere, (2) reasonably exhausts deliberative methods, and (3) limits nondeliberative or nondemocratic means by a principle of proportionality, analogous to a proportionality principle in justification of civil disobedience. The more extreme the hostility to deliberative democracy and the more entrenched are power asymmetries, the more justified are political mobilization and even coercive means, such as political pressure and public shaming. Just as the person engaging in an act of civil disobedience is willing to be arrested and tried rather than flee the law (because he is protesting one law or policy and not the rule of law), so a deliberative democrat in an unjust world limits how far he goes in pursuing his goal. What Fung has given deliberative democrats is not only a model of deliberative democracy that indicates how unjust and undemocratic structures can be transformed. He has also provided a compelling “political ethic that connects the ideal of deliberative democracy to action under highly hostile circumstances.” As he concludes his essay:

In such a world, the distinctive moral challenge is to maintain in thought and action the commitment to higher political ideals, despite the widespread violation of those norms. Deliberative activism offers an account of how it is possible to practice

deliberative democracy in the face of inequality and hostility without being a political fool. (2005, 416)

## Notes

This chapter is adapted from chapter 10 of *Ethics of Global Development* (2008). I have received valuable comments from Sabina Alkire, Jay Drydyk, Verna Gehring, Douglas Grob, Laura Antkowiak Hussey, Judith Lichtenberg, Christopher Morris, Joe Oppenheimer, and Henry Richardson.

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# 15. Participation, Empowerment, and Democracy: Three Fickle Friends

Jay Drydyk

Over the past twenty-five years, free participation in decision making has come to be recognized as an essential ethical value of development. This recognition was not won easily. The development-as-growth strategies of the 1960s typically favored top-down decision-making structures, in which development projects, along with their managers and expert planners, were accountable to international funders in conjunction with national governments. Wider popular participation was “normally restricted to some hastily organized meetings in which outside experts ‘brief’ local people about the objectives and activities of the projects” (Brohman 1996, 202). Demands for greater stakeholder participation in development decision making issued from several quarters. As a broad principle, free participation in development was advocated by the nonaligned movement and expressed in the Declaration on the Right to Development (United Nations 1986) and in the report of the South Commission (1990). More specific demands for participation were raised by development practitioners and researchers who found that successful development required popular mobilization of a kind that top-down management thwarted. This led to a flurry of initiatives to involve local people earlier in the assessment of development needs and options (Chambers 1983, 1994, 2005). Equal or greater impetus came from resistance to development projects by people who were (or were likely to be) harmed by them. Notably, there was significant resistance to projects that would displace people and their communities—once estimated to be 10 million persons per year (McDowell 1996). In this context, people’s inclusion in development decision making was called for as an essential means of limiting the harm development might otherwise cause them (World Commission on Dams 2000).

This slow and conflicted dawn of acceptance for participatory development over the last quarter century was anticipated by Denis Goulet as early as 1971. In *The Cruel Choice* he called upon developing countries “to optimize the participation of a populace in significant decisionmaking and to provide checks against manipulation by elites.” He advocated optimal participation not just as one policy goal among many but as one of three “strategic principles of development” that provide “normative judgments as to how goals are to be pursued” (Goulet 1971, 123). From the start, Goulet recognized that the



idea of “optimal” participation is problematic. Universal participation is unsustainable, for while large numbers of people may leap at the opportunity for decision making at revolutionary moments—that is, when decision-making power has been wrung from the elites that formerly dominated them—what they prefer in the long run is not to replace leaders and officials but rather to hold them accountable in ways that allow the people to get on with their lives. Grappling with this problem, Goulet suggested a focus on the idea of “popular elites” or “natural elites” emerging to represent their communities more authentically—reminiscent of the Gramscian idea of “organic intellectuals.” He also recognized, however, that working out the meaning of “optimal” participation was a problem that had to be shared by many researchers and practitioners, over an extended period of time: “no lessons can be dictated *a priori*; *praxis* must be our teacher ... only experimentation can provide specific answers as to the optimum blend of specialized competence with popular sharing in decisions” (Goulet 1971, 147–48).

This wide and ongoing research problem—determining what forms “optimal” participation should take—is not a merely pragmatic political problem, nor is it purely a problem for empirical social research. It is also, as Goulet insisted, a problem of normative ethics. He was especially prescient in proposing one particular ethical value that participation should serve (if it is to be “optimal”), namely, to allow people “to become agents, and not mere beneficiaries, of their own development” (Goulet 1971, 123, 148, 283; cf. Goulet 1989, 165). Roughly speaking, this lies at the bottom of what people mean now, over three decades later, when what they expect of participation is “empowerment” (Narayan 2002, 2; 2005, 4).

In his own subsequent contribution to this project, Goulet identified four dimensions in which types of participation might vary: by whether it is introduced as a goal or as a means; by the scale of decision making; by whether it is originated from above, below, or outside; and by the stage in decision making at which nonelites begin to participate. The latter, he argued, had particular normative significance insofar as “The quality of participation depends on its initial entry point if one

wishes to judge whether participation is authentic empowerment of the masses or merely manipulation of them, it matters greatly when participation begins in the overall sequence of steps” (Goulet 1995, 95).

My own work on these topics has focused on two values that participatory development serves: empowerment and democracy. Primarily I have attempted to show what “empowerment” and “more democratic” should mean for participation, and I will present this in the next two sections. In the subsequent section I discuss the participatory scheme recommended by the World Commission on Dams, in which I find confirmation of Goulet’s idea that the quality of participation depends on its entry point. Further complexity is added in the final two sections, where I show that participation, empowerment, and democracy do not always coincide but sometimes part company.

# Empowerment

In 1971 the idea of people becoming the agents of their own development was very far indeed from the forefront of orthodox development thinking. By early in the twenty-first century, not only has it become a major topic of discussion among scholars, but research teams supported by the World Bank have led the way in investigating it. While no one is betting heavily that this research will come to predominate the World Bank's

policy or practice any time soon, the bank's uptake of this idea at least as a research topic bears witness to how far it has come in the past thirty-five years.

Currently, "empowerment" is the term favored to convey the idea of people becoming the agents of their own development. Whatever it is called, this is a complex and rather difficult concept. The source of difficulty is that it has a normative dimension as well as an empirical dimension. Normatively, saying that people have been "empowered" means that they have become better able to shape their own lives, which is a goal that everyone has reason to value. From a more empirical perspective, "empowerment" means gaining a number of factors that make this goal achievable. Thus, it is considered "empowering" when individuals acquire key abilities (literacy) or psychological traits (self-confidence), or when, together, they acquire organizational capacity that allows them to secure needed resources or improve local conditions. It also counts as "empowering" when their social institutions become less domineering of them and more inclusive, or, indeed, when democratic rights are introduced or become better respected and supported. In other words, "empowerment" can refer to two sorts of change: making gains in the extent to which people can and do shape their lives for the better, and making gains in possessing the means to do so.

This ambiguity between empowerment normatively conceived as a goal and empirically conceived as a means can be troublesome if it is ignored, especially if the task of measuring empowerment is limited to measuring gains in the means of empowerment. Literacy is an empowering factor, especially for women, and yet there are other factors that can counteract it; for instance, if family decision making is controlled by the men, it may turn out that a woman is no more able to shape her life after she has learned to read than before. Anyone who defines "empowerment" simply as augmentation of empowering factors (such as literacy) will have to regard people as empowered even if they have made no actual gains in their ability to shape their own lives—that is, even if they are no more the agents of their development than they were before. According to this conception, people are regarded as empowered even when what we value as empowerment is absent. Measures such as literacy, if understood as measures of empowering factors, are important and informative, but understood as measures of what we value as empowerment, they are highly misleading.

One ethical challenge that is posed by much of the recent work on empowerment, then, is keeping this distinction clear and keeping our focus on what "empowerment" means, insofar as it is something that people have reason to value—namely, enhance-

ment of their ability to shape their lives. This immediately raises two further challenges, however. First, “shaping their lives” is a metaphor, and the challenge here is to work out the corresponding literal meaning. Second, the historical meanings of “empowerment” challenge us to consider whether, as we now use the term, it should mean having more power. In response to these challenges, I have argued elsewhere for defining “empowerment” in the following way:

Durable Empowerment (with power): People are empowered to the extent that:

(1) they exercise enhanced decision-making and influence over strategic life-choices and barriers to agency and well-being freedom, and

(2) their capacity for such decision-making and influence have also been enhanced, and

(3) given (i) the capabilities they have and assets they control, individually or collectively, and (ii) the opportunity structure in which they act, it is probable that they can make these gains prevail, in the face of opposition. (Drydyk 2007, 242)

Each of these three clauses needs to be unpacked and explained.

(a) *Decision making and influence*. What “shaping one’s own life” implies, in the first place, is making one’s own decisions. In particular, it means active decision making, in contrast with passive acceptance of decisions by others. This is the “practical reasoning” that Martha Nussbaum has identified as a central human capability (Nussbaum 2000, 79). It is especially important as a defining feature of “empowerment” for women, whereby they take an increasingly active part in decision making rather than simply acquiescing in decisions by other family members. Especially important are the “strategic” decisions that have the greatest impact on a person’s life. Among these, Naila Kabeer has included such decisions as “choice of livelihood, where to live, who to marry, whether to marry, whether to have children, how many children to have, who has rights over children, freedom of movement and choice of friends that are critical for people to live the lives they want” (Kabeer 1999, 3). It is also particularly empowering when people can make choices that can reduce barriers to their well-being. These barriers may include individuals’ lack of assets and abilities, for example, lack of skills, of opportunities for employment, of land or credit; lack of collective assets and capabilities may also function as barriers, such as absence of networks or organizations to protect and advance shared interests. Other barriers may be social or political, such as unresponsive, hostile, or repressive governance. Finally, it seems obvious that people are not, properly speaking, “empowered” just by making more decisions; they must also have some greater success in carrying them out. Consequently, “empowerment” must mean a combined enhancement of decision making *and influence* over strategic life choices and barriers to agency and wellbeing freedoms.

(b) *Capacity building*. One of the traps that can surround empowerment is that people can be induced to expand their short-term decision making in ways that undermine their capacity for further expansion in the longer term. These have been called “disempowering contexts of choice” (Kabeer 1999, 40). For instance, women who become more active in family or community decision making may still live within a value

system that will give them higher esteem in connection with sons than with daughters. Empowerment, in the sense of greater scope for active decision making, may only give these women greater scope for behavior that favors their sons, but this, in turn, is disempowering for them and their daughters alike in the longer term. Therefore, we must recognize that “empowerment” cannot mean simply greater active exercise of decision making in the short term. Rather, it must also imply expansion rather than restriction of people’s *capacity* for decision making and influence over the longer term.

(c) *The power to make empowerment durable.* Since we are trying to define “empowerment” as a value, it might be considered perverse to include the possession of greater power as part of its meaning, for that would seem to imply the repellant view that power is valuable for its own sake. On the other hand, there is a more limited (and less repellant) reason for including power within empowerment. This has to do with making empowerment durable. If empowerment matters to us, especially empowerment of the worst-off, then it should also matter to us that empowerment can often be frustratingly ephemeral. Even when people do manage to gain more capacity for shaping their lives, these gains can be swept away by the vicissitudes of politics in their own countries or the vagaries of decision making in countries and institutions far away. In light of this, we should regard even the ephemeral gains as somewhat empowering, but we should regard people as more empowered still to the extent that they can make these gains prevail against resistance by other actors (political, social, or economic, near or from afar). If we think of power in Weberian fashion as the probability that one can prevail against resistance, then this is the power that must be included within empowerment (Uphoff 2005).

## Democracy

Another virtue of participation is that it can make a development process more democratic. More precisely, some participatory practices make development decision making function more democratically. In order to apply usefully to development, the notion of democratic functioning cannot be reduced to electoralism—that is, the idea that those who rule must be chosen in elections. Elsewhere I have argued that the following provides a more flexible and appropriate standard for democratic functioning:

- *Functioning more democratically.* Political life functions more democratically when political influence on decision-making affecting valuable capabilities is better shared.
- *Better sharing of influence.* Sharing of influence is better when one or more of the following is true:

(a) There are more types or instances of political activity in which people are capable of participating.

(b) The political activity of which people are capable has greater influence over decision-making that would affect valuable capabilities.

(c) Decision-making influenced by political activity is more effective in preserving or enhancing valuable capabilities. (Drydyk 2005, 256)

Here, “political” activity is meant to embrace any attempt to achieve an outcome by mobilizing the support of others. Besides electoral politics within states, it includes office politics, family politics, sexual politics, church politics, and politics within institutions. Development politics takes place at many of these levels, and it takes place not only within development projects but also within broader development processes (such as the Green Revolution).

Perversely, “democracies” sometimes function to frustrate the desire of a public to enhance or protect their well-being (Cunningham 1987). In some cases democracies deprive particular groups of the influence they need to protect themselves—or, indeed, to altruistically protect other groups who are being disadvantaged. The oppression of minorities is particularly salient. How democratic *is* a system of majority rule that deprives a racial or ethnic group of influence over basic social conditions (housing, employment, education) affecting their well-being? By the standards outlined above, politics that disadvantage people along racial lines are not as democratic as they might be, as when influence over wellbeing ends up being poorly shared.

Each of the three clauses above indicates a way in which an activity can be made more democratic. Greater access to political activity makes political life more democratic, but it is even more democratic if that activity influences decision making, and more democratic still if the decision making affected has a real impact on the capabilities that people value as building blocks of a good life. What if (b) occurs without (a)? This might occur when decision makers become more attentive to the people. In this way, *good governance* (for example, through good consultation) can render political life more democratic without requiring increased political activity on the part of citizens. This may be especially important in developing regions, where, for people struggling to make a living, time is scarce. This may also clarify the democratic role that can be played by civil society organizations. They need not be seen as distorting democracy by imposing special interests: on the contrary, by making decision makers more attentive and, in turn, achieving greater influence for citizens upon decision making, they may contribute to making political life more democratic. And what if (c) occurs without (b) or (a)? This would happen if decision making is more effective in preserving or enhancing capabilities, even though the influence of political activity is no greater. For example, external circumstances might change so that government is better able to meet the needs and demands that are expressed in political activity. A good reason for considering this an enhancement of democratic functioning is that, in the contrary case—where external (for example, international) circumstances make a government less able to meet politically expressed needs and demands—we would consider this as a democratic setback.

The foregoing account of democratic functioning remains inadequate in two respects. Imagine a political scenario in which a relatively privileged interest group that previously had been politically quiescent is awakened by political threats to its position and succeeds in protecting its privileged position by capturing greater political influence. They enjoy high levels of health, education, and earning power, and their political intervention succeeds in preserving these advantages. Call this the “elite awakening” scenario. If better sharing of influence were the only criterion by which to assess this case, we would have to conclude that the elite awakening scenario does make political life more democratic. This raises an interesting conceptual challenge: in what sense is elite awakening *not* an improvement in democratic functioning? To answer this, we must focus on democracy as a normative concept and ask, What does democratic functioning involve, insofar as it is a worthy social goal? Even if we cannot give a full affirmative answer, it does seem reasonable to say, as a partial response, that the proper goal of democratic functioning is *not* the creation and preservation of elites. This suggests a contrasting stronger sense of “democratic functioning”:

*Stronger Democracy.* Sharing of influence is better *in a stronger sense* when its effects on capabilities are non-privileging, *e.g.*, in the following ways:

- (a) the social standards for service and outcomes relevant to basic capabilities (such as health, education, employment) are raised;
- (b) shortfalls in such capabilities, below the social standards, are reduced;
- (c) support for exceptional capabilities (such as higher education, coaching in arts and sports) are made more widely accessible. (Dry- dyk 2005, 257)

Whether democracy is *stronger* in this sense depends on what it can accomplish. The idea is that democracy is stronger if public influence creates or widens access to capability-enhancing institutions (such as schools) and programs (such as social welfare) for the population as a whole, rather than for elites. It may do this by raising social standards (such as rates of literacy or educational attainment), by reducing poverty (capability shortfalls), or widening accessibility to high-achievement activities (such as higher education, arts, and sports). The awakening elites scenario moves in the opposite direction, toward preserving well-being and privilege.

## When Do the People “Enter In”?

One of Denis Goulet’s most important contributions to the study of participatory development consisted in assessing it by the stage at which the nonexpert population “enters in.” He distinguished six possible entry points:

- initial diagnosis of the problem or condition;
- a listing of possible responses to be taken;
- selecting one possibility to enact;

- organizing or otherwise preparing oneself to implement the course of action chosen;
- self-correction or evaluation in the course of implementation; and
- debating the merits of further mobilization or organization.

“The quality of participation,” he proposed, “depends on its initial entry point” (Goulet 1995, 95). The importance of this principle is reflected in the new benchmarks for participation that have been developed by the World Commission on Dams (WCD).

The Commission sought to devise a participatory scheme that would give people who were to be displaced or otherwise disadvantaged by construction of a dam sufficient leverage not only to prevent or at least mitigate this harm but also to share in the benefits of the project. This scheme identified a sequence of principal decision points and required that negotiated agreements be obtained and independently monitored at each stage before the next stage is begun. These decision points overlap substantially with Goulet’s: needs assessment, selecting alternatives, project preparation, project implementation, and project operation.

*Stage 1. Needs Assessment.* In the context of dam development, needs assessment reduces essentially to assessing needs for water and for hydroelectric power. The first step prescribed in this process is one of identifying stakeholders—including not only those whose needs for water and power are at issue but also potential “oustees” and others who could be affected by projects aiming to meet those needs. A consultative forum is established, at which stakeholder groups are effectively represented. This forum is a primary site for public deliberation concerning two key starting-points: verifying needs for water and power, and setting development objectives for the region (river basin).

What is called for, then, is that stakeholders be democratically organized and effectively represented in a forum of free discussion, which shapes the official and working understanding of *needs* (for water and energy) and regional development *objectives*. In addition, certain research is required: on legal impediments to open and participatory planning, on social and environmental impacts of previous development in the region, as well as on ecosystem baseline studies and maintenance needs (WCD 2000, 265). Deliberation on options for meeting those needs and objectives should not begin until this work is complete.

*Stage 2. Selecting Alternatives: identifying a preferred development plan.* Stakeholders then participate in “creating the inventory of options, assessing options, and in negotiating those outcomes that may affect them” (WCD 2000, 267). Options other than dams need to be included, and all stakeholders must agree to a dispute resolution mechanism. Free, prior, and informed consent is required from indigenous groups for inclusion of any planned option that would affect them. Assessment of options is based on needs and objectives that were developed publicly in the previous stage, and leading options are then subjected to social and environmental impact studies (with

stakeholder participation), followed by negotiations. By the end of this stage, benefit-sharing mechanisms need to be identified and agreed upon by groups adversely affected by the preferred project, and outline agreements regarding compensation, mitigation, resettlement, development, and monitoring measures need to be negotiated (WCD 2000, 269). If they cannot be negotiated successfully by the parties directly, the dispute resolution mechanism (for example, arbitration) is engaged.

By the end of this phase, an independent review panel (IRP) should be selected with the assistance of the stakeholder forum. Its first tasks should include reviewing the assessment of impacts and development of social and environmental mitigation plans, but it should be empowered to push “stop lights” throughout this and subsequent phases of the project if prior agreements have not been met. “Each of the five stages,” stipulates the commission, “requires a commitment to agreed procedures culminating in a decision point that governs the course of future action and allocation of resources.” Until the appropriate agreements have been achieved, the next stage should not begin: “At each decision point it is necessary to test compliance with the preceding processes before giving authority to proceed to the next stage” (WCD 2000, 262). The principal instrument for this “testing” is the independent review panel. In addition, the IRP could also serve as “a mechanism to transfer best practice from one project to another, both nationally and internationally” (302).

*Stage 3. Project Preparation: verifying commitments are in place before tender of the construction contracts.* In the detailed planning and design phase, the outline agreements that have already been negotiated become the bases for legally enforceable contracts protecting stakeholders’ entitlements to compensation and other measures of benefit sharing. Again, the agreed-upon dispute resolution mechanisms, such as arbitration, can be engaged in case negotiations fail. “The negotiated agreements will result in signed contracts between the developer and affected communities and individuals, with clear targets for assessing compliance” (270). To pay for claims wrongly ignored or rejected by the developer, the WCD calls for an independently administered fund to be established—a trust fund when a government is the developer, otherwise a performance bond.

*Stage 4. Project Implementation: confirming compliance before commissioning, and Stage 5. Project Operation: adapting to changing contexts.* The controls recommended for these phases may be specific to dams or similar facilities. The Commission recommends that all large dams be subject to licensing; a condition of being licensed for operation is that the various social and environmental commitments made in previous stages of the project be reviewed and found to have been carried out satisfactorily.

The WCD recommendations make distinctive use of Goulet’s earlier-is-better principle. Their starting point is the observation that dams impose high impoverishment risks on the people they displace.<sup>1</sup> Two further dimensions of Goulet’s typology for

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<sup>1</sup> These risks are evident in the case studies conducted for the commission. See <http://www.dams.org>. See also Cernea (1996) and Cernea and McDowell (2000).



participation come into play in relation to these procedures. Participation can vary in scale, from small-scale decision making in families to large-scale decision making at regional, country, or international levels. It can also vary according to the way it comes about; it can be introduced from below by stakeholders, from above by governments or development agencies, or from outside by NGOs or other organizations playing an animating role. Historically, what the WCD is calling for is an extrapolation from the kinds of inclusion that groups of displaced people have often struggled for (Hansen and Oliver-Smith 1982; Oliver-Smith 1991, 2001). The WCD scheme, however, is meant to be introduced from above, as a necessary condition for large-scale dam projects, at their inception. Under these procedures, stakeholders would have access to processes (stakeholder fora, negotiations) with decisive influence over project planning and management; insofar as they are thereby enabled to protect themselves from being harmed by the project and share in its benefits—and all three conditions for better sharing in influence are met—these procedures will make project decision making more democratic for them. On the other hand, the impact on empowerment may be somewhat more mixed. Some individuals may be drawn into a more active decision-making role, but it may be those who are already the most active decision makers who take the leading roles in representing their communities and families within the project. What these procedures primarily accomplish vis-a-vis empowerment is preventing or reducing in degree the disempowerment that is inherent in involuntary resettlement.

## Three Fickle Friends

Participation, empowerment, and democratic functioning are an unsteady trio in several interesting ways. We value participation most when empowerment and democracy come along with it. As we have seen in relation to the WCD, however, even highly democratic participation does not guarantee empowerment. Empowerment sometimes does best when it goes its own way, outside of democratic structures. But, finally, neither empowerment nor democratic functioning are secure within development activities unless the public sphere (embracing state, civil society, and international institutions) also functions more democratically.

## Unequal Empowerment

The first gap—between democratic functioning and empowerment—gives rise to a distinctive set of problems in participatory development. One criticism that is often made of participatory development schemes is that they sometimes reproduce social inequalities within communities. Some stakeholders will end up having less voice and influence than others. Often it is women who are marginalized in this way: for example, “In one smallholder project in The Gambia, difficulties arose when land allocation committees failed to ensure access by poor women to newly cleared swampland. This

was because the committees, designed to give women full representation, were gradually co-opted by the men who did the clearing work” (Alamgir 1989, 16). Resolving this inequity required intervention rather than a hands-off approach to community decision making. In this way, as Cornwall has observed, adducing numerous further cases, “the very projects that appear so transformative can turn out to be supportive of a status quo that is highly inequitable for *women*” (Cornwall 2003, 1329). Moreover, even in cases where women achieve formal representation on decision-making bodies, having a voice may not result in having influence; even where influence is achieved, it may end up being used by some women against others (1329–30), or, in other cases, be met with a damaging male backlash (1334).

The democratic functioning approach acknowledges the complexity of these cases. As long as their outcomes actually do enhance valuable capabilities, and if this occurs through the influence of at least some members of the community, then at least *in a weak sense* the life of the community has been made somewhat more democratic. On the other hand, to the extent that others remain excluded from this influence, democratization remains incomplete. And if the outcomes privilege those who have seized the lion’s share of influence, then to that extent the ideal of stronger democracy remains distant. This may highlight a lack of democratic functioning for the community’s women, or for poor women in particular. When one dysfunction is reduced, others may be revealed, or even exacerbated—for instance, by male backlash. These backlash cases also illustrate the flexibility of the democratic-functioning approach: it is not a criterion that applies just to structures; it also applies to the politics, to particular ways in which those structures may operate.

Even if women gain greater voice, their influence may be temporary, and eventually the political process may turn out to be damaging to their well-being. The normative conclusion to draw is not that it was wrong to seek voice, for that would have been to avoid one shortfall in democratic functioning by accepting another. The normative conclusion is rather the obvious one that women ought to enjoy political activity and influence without having to pay for this with beatings and a higher divorce rate (Cornwall 2003, 1334). Of course, this normative conclusion is also reinforced by another powerful premise: the value of empowerment.

## Subdemocratic Development

A second fracture point—this time between empowerment, on the one hand, and democratic participation, on the other—arises insofar as microlevel practices that are empowering may not require much democratic structure in order to succeed. For instance, microcredit empowers people at a level that, shall we say, is “subdemocratic,” which is to say that it empowers people in a way that does not depend on any better sharing of influence.

In arguing that market access needs to be included within the wider mix of development strategy, Amartya Sen has noted (drawing on the work of others) that some

simple types of market access can be important empowering factors for women. Freedom to seek employment outside the family can enable women to take more active control of their lives in a number of ways: it can add to their economic independence, leading in turn to less unequal sharing of family resources, and provide opportunity for wider social recognition (Sen 1999, 115). Access to credit can also be an empowering factor, insofar as it finances new incomegenerating activities in which women control assets, manage the activity, and bring a new income stream into the family.

Of course, market access does not constitute empowerment; it is only an enabling factor, and it may or may not have empowering results, depending on other factors. As Karen Mason has observed, one key variable intervening between access to assets or income and empowerment is control of those assets or income, and women's control over income or assets can be undermined by "traditions, taxation policies, employer practices, and many other factors" (Mason 2005, 92). She cites one extreme case in which an employer paid women's wages not to the women but to their husbands. In less extreme cases, as well, the impact of outside employment on women's influence within household decision making is variable, even regarding matters of greatest impact upon them, such as family size, freedom of movement, and the permissibility of disagreeing with their husbands (Mason 2005, 93). The extent to which microcredit empowers women is likewise context-dependent (Malhotra and Schuler 2005, 82). Nevertheless, access to employment and credit are at least somewhat empowering factors that are distinct from democratic participation in decision making. Similarly, literacy, education, and property rights have been recognized for more than two hundred years as empowering factors for women (Wollstonecraft 1792/1997).

Finally, it is not just by making decision making more democratic that *participation* can be empowering. We can see this by applying the distinction between four dimensions of power that is often cited by scholars of women's empowerment: power over, power with, power to, and power within (Rowlands 1995, 1997; Townsend et al. 1999; Csaszar 2004, 144–46). When a community group undertakes a joint incomegenerating activity, it will achieve power-to simply if it is economically successful; however, it probably will not achieve much in the way of power over others. The influence that they gain through participatory management of this activity will be limited to these first two dimensions: power to and power over. Quite apart from these effects, however, taking part in the group's decision making will likely add to the skills and selfconfidence of the participating individuals (power within), and it may also add to the capacities of the group (such as the ability to resolve disagreements and learn from each other, increasing confidence to take initiative and negotiate with outside groups and agencies—power with). An interesting example is provided by Sabina Alkire's case study of a lending scheme enabling a group of women to raise goats. Based on interviews with the participants, Alkire traces much of the scheme's empowerment impact simply to the fact that the women met, talked, and deliberated—learning from "the best opinion" offered to each other—on topics far removed from the business of loans for goats (Alkire 2002, 251). The empowering factors were discussion and deliberation

per se, quite apart from the influence that this deliberation may have had over the success of their goat business.

## Participation Betrayed from Outside and Above

A third disjuncture is that both empowerment and democratic functioning *within development* can be dependent on democratic functioning in the wider public sphere, including civil society, government, and international institutions. It is possible, therefore, for empowerment and democratic functioning within local development processes to be frustrated by democratic deficits at the national or international levels.

There has now been sufficient research on factors enhancing and hindering empowerment to support a framework for categorizing those factors, with a view to identifying conditions in which empowerment is more or less likely to occur. As a central part of the *Measuring Empowerment* project led by Deepa Narayan (2005), the framework developed by Petesch, Smulovitz, and Walton (2005) attributes substantial impact over empowerment to broader social and political conditions at national and international levels. While the authors did not address democratic functioning as I have presented it here, it is clear that the same factors have an impact no less substantial on the degree of democratic functioning that is achievable.

The framework distinguishes factors primarily affecting *agency* from those comprising the surrounding *opportunity structure*. Here “agency” means the capacity to pursue purposeful courses of action individually or collectively, and factors affecting agency fall into three kinds. Economic and human capital comprises property and other economic assets, along with personal skills, knowledge, and good health. The second category is what Appadurai has called “the capacity to aspire” (Appadurai 2004), comprising culturally shaped capacities to envision and aspire to different futures as reference points for navigating the present along with framing and voicing dissatisfaction and hope. The third category, organizational capacity, has two parts. One is the capacity within a community to develop social ties, common goals and norms, and coordinated action, sometimes in spite of divisions by class, caste, race, ethnicity, and religion. The other is a capacity to form liaisons from one community to external groups, governments, and organizations (Petesch et al. 2005, 42–44). Some of these agency factors can affect democratic functioning as well as empowerment. The ability of groups and individuals to achieve better sharing of influence can depend on individual assets ranging from literacy to leadership skills. Absence of the capacity to aspire can trap people in clientelistic domination by elites. Lack of organizational capacity can also hinder political advocacy and promotion of issues affecting their well-being.

In contrast to agency factors, which limit empowerment and democratic function from within a community, the opportunity structure creates prospects and limitations from outside as well as from within a community. Again, three subcategories are proposed, of which the first is the openness of formal decision-making institutions and less-formal customs and practices. This category includes formal and informal “rules

of the game” that prescribe how and by whom decisions are to be made, insofar as these enhance or “reduce the prospects of influence by poor and subordinate groups.” In Latin America and the Caribbean, for instance, these might include “clientelistic political structures, deeply entrenched patterns of unequal gender and social relations (notably with respect to indigenous and Afro-Latino groups), top-down corporatist forms of inclusion, and, in extreme cases, the capture of the state by powerful private interests” (Petesch et al. 2005, 45–46). The unity, strength, and ideology of dominant groups form a second category, since the influence of poor and subordinate groups can be blocked decisively by unity among elites and middle strata to defend their positions of advantage. The third category is state implementation capacity, including the administrative capacity of the state to regulate and implement new policy and programs throughout a country—in the hinterland as well as in the capital and other centers.

The importance of these factors underscores the importance of democratic functioning. Insofar as they affect empowerment, they do so indirectly by affecting democratic functioning—that is, by affecting how well or badly people (poor and subordinate groups in particular) share in decision making that influences their well-being. I noted earlier that due to local structures of privilege such as gender privilege, it is possible to introduce more participation without empowering or making development function more democratically for the local women. Local empowerment and democratic influence can also be blocked by a closed and inequitable opportunity structure at higher levels of governance, especially since resources for development and public services flow from the top down. The implications are twofold. First, the influence of opportunity structure upon empowerment is mediated by democratic functioning. In other words, opportunity structure is disempowering via depriving people of influence over decision making affecting their wellbeing. Second, empowerment can be blocked locally by closed and inequitable opportunity structures at local or higher levels.

Nevertheless, to be fatalistic about these effects would be a mistake. Change in the direction of greater democratic functioning and empowerment can take place from above or below. Examples of change from above could include the introduction of participatory budgeting in Brazilian municipalities, insofar as it was led by a national party, Partido dos Trabalhadores, after its initial establishment in Porto Alegre by a municipal party branch (Petesch et al. 2005, 59; Alsop et al. 2006, 95–151; Baiocchi 2003). On the other hand, with superior organizational ability, decision-making powers can sometimes be wrested from below, as illustrated in Norman Uphoff’s studies of Gal Oya (Uphoff 1996, 2005). In this 1980 irrigation project in Sri Lanka, water use associations for farmers were introduced as an afterthought because their voluntary labor was required in order to make the irrigation project functional. Slowly, they gained more influence with the engineers and officials who made higher-level decisions, and eventually they were able to reverse a decision to cease irrigation altogether in the low-water year of 1997. But the previously closed and bureaucratic approach to water management had already been cracked by 1988, when the Sri Lankan cabinet introduced participatory irrigation management countrywide.

Finally, efforts at empowerment and better sharing of influence may also be thwarted by international institutions and unregulated international markets. Clearly the democratization that empowerment theorists have in mind is meant to reduce social inequalities and poverty, and so it coincides with what I have called “stronger democracy.” This inequality-reducing aspect of empowerment and stronger democracy is threatened chronically by the unregulated functioning of international capital. As Robert Keohane has observed, “The ease with which funds can flow across national boundaries makes it difficult for any country with a market-oriented economy to institute measures that change the distribution of income against capital.” Although there are exceptions, the consequence for most countries of the North and South alike is that “the international economic order of modern capitalism manifests a profound bias against policies promoting equality” (Keohane 1990, 191; cf. Porter 2001; Ross 2000). The effect of this underlying market pressure is that initiatives for egalitarian, stronger democracy must swim upstream against international financial currents. Compounding this chronic force of international finance are the acute financing needs that may be required to avert or mitigate economic crises. The effect of these acute needs is often to increase the influence of decision makers at international institutions such as the International Monetary Fund (IMF). Formally, the dealings between the IMF and any government are voluntary and negotiated. In practice, these negotiations are commonly regarded as tilted heavily in favor of the IMF, especially when the consequences of not obtaining its financing are dire for a country, its people, and the government of the day. This influence is dramatically antidemocratic when it actually causes economic meltdowns, as Joseph Stiglitz alleges of the IMF role in the East Asian collapse of 1997 (Stiglitz 2002, 89–132).

The international public sphere does include one feature that in some cases enables local groups to fight back when they are disempowered by national governments or international institutions. Transnational advocacy groups have grown considerably in the past fifty years, both in terms of number of groups and in terms of networking among them. In some cases they permit local advocacy groups an additional dimension of action through what is called the “boomerang effect.” For instance, a local group being blocked by local government or an international institution calls for support from sister organizations in other countries or from international NGOs, with a view to bringing international pressure on the recalcitrant government or institution (Keck and Sikkink 1998, 12–13). By “leveraging more powerful institutions,” this mechanism can allow weak groups to “gain influence far beyond their ability to influence state practices directly” (23). Still, while these tactics are not to be ignored, they cannot be expected to achieve stronger democracy rapidly on a very wide scale. The space of transnational activism is structured by networks dedicated to particular issues, and the two largest networks are dedicated to human rights and environmental issues. The development network is smaller, and on one accounting it is smaller than the network of groups advocating Esperanto (Keck and Sikkink 1998, 11). In addition, the boomerang effect gets off the ground more readily in response to problems that are not structural

but rather attributable to some agent who can be held responsible; consequently, the structural bases of poverty and social inequality will be more difficult to address by these means: “Activists have been able to convince people that the World Bank bears responsibility for the human and environmental impact of projects it directly funds, but have had a harder time convincingly making the International Monetary Fund (IMF) responsible for hunger or food riots in the developing world” (Keck and Sikkink 1998, 27–28).

If *The Life and Times of Participatory Development* were a novel, I suppose that its appeal to the reader would involve both the nobility and the fragility of the protagonist. Its nobility would stand out in episodes where participation achieves stronger democracy and empowers people to shape their own lives. We can thank Denis Goulet for beginning this part of the narrative in 1971. More recent narrators have brought out the fragility of participation: its difficulties in empowering the least powerful, its susceptibility to betrayal from outside and above. Some would finish the story by abandoning participation, even denouncing it as “the new tyranny” (Ranehima 1992; Cooke and Kothari 2001). This latter plot strikes me as a fatalistic fairy tale pretending that empowerment and stronger democracy can somehow be achieved without participation—but without telling us how. On the contrary, I believe that the only plausible ending for this story is the one sketched by Denis Goulet more than thirty years ago: If we value empowerment and stronger democracy, then we must find, by trial, error, and further research, the ways and means to build the forms of participatory development that we need in order to achieve empowerment and stronger democracy.

## Notes

Portions of this chapter appeared previously in my 2005 article, “When Is Development More Democratic?” *Journal of Human Development* 6 (2): 247–67. Reprinted by permission of the publisher, Taylor & Francis Ltd. ([www.informaworld.com](http://www.informaworld.com)).

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# 16. Values, Vision, Proposals, and Networks: The Approach of Mahbub ul Haq

Des Gasper

The scene: a Europe-wide conference of development researchers in the early 1990s. Not included among its many plenary sessions is the presentation by the head of the new United Nations Development Programme's (UNDP) Human Development Reports Office about the office's ambitions and first product: the *Human Development Report 1990*. He is allocated to a side venue, speaking simultaneously with other events at the end of a long day. As of 1990, no one has high expectations of the UN system as an intellectual powerhouse. It is a producer of hard to obtain publications of cautious and generally worded reportage and good intentions. It has been marginalized by the vastly better-funded Bretton Woods institutions. The audience at the presentation is still large, but rather sceptical. We have heard of the new office's creation of a Human Development Index that adds education and health aspects to per capita GNP in determining levels of development—but surely this remains a grossly reductionist and unnecessary indicator, an inadequate synthesis of life? The head of the Human Development Report Office (HDRO) is Mahbub ul Haq. He rouses and invigorates the hall, speaking with an energy, assurance, and freshness of insight guided by humor and a combination of practicality, acuity, and moral concern that make people think: Well, perhaps something of major importance can indeed come forth from the UN system. As it did.

By “leaders” we mean not only political and organizational bosses but also creative thinkers, visionaries, and educators. Various examples of good leadership in terms of both ends achieved and means used can be found among the ranks of development policy practitioners and development academics. In this chapter I will explore the work of Mahbub ul Haq in relation to some indicative themes about factors that promote the effectiveness of initiatives for human development and social justice. Working for an organization with almost no financial muscle, Haq led a movement of thinking that has had profound and continuing impacts, including through the global, regional, national, and subnational Human Development Reports. The surprising degree of impact of the

UN's human development stream of work is largely taken as given here,<sup>1</sup> and this chapter tries to understand how Haq promoted and achieved this impact.

The work of Haq and his associates took place within a space for ethically informed analyses of national and international development policies and processes. In the preceding thirty years, Denis Goulet had been central in opening up such a space, in books such as *The Cruel Choice* (1971) and *The Uncertain Promise* (1977). Goulet displayed a type of intellectual leadership that inspired and facilitated much subsequent work, including what we will look at in this study.

## Leadership: Helping Systems to Move Ahead

Leadership is a matter about which social scientists often are ambivalent. Yet leadership is demonstrably important in “knife-edge” situations and when people seek orientation and choose direction among wide-open possibilities. Leaders influence the decisions that groups and organizations make about directions, and whether and how they subsequently move. More generally, quite often single agents make a difference. Leadership training has become its own industry, with practitioners proposing that there are identifiable and transferable required leadership skills—for strategic vision, conflict resolution, and so on. Goleman et al., for example, differentiate their product by proposing that “The fundamental task of leaders ... is to prime good feeling in those they lead” (2005, ix), for which task the leaders need various skills in self-awareness, self-management, social awareness, and relationships management. Such private-sector perspectives and training now reach well beyond the private sector: “The UNDP Learning Resources Centre is now focusing on leadership as a key theme for capacity development within the UNDP” (UNDP 2005b, 11). In the acknowledgements in his *The End of Poverty* (2005), Jeffrey Sachs cites the examples provided by many outstanding leaders throughout the UN system.

Yet there are reasons, both political and methodological, for disquiet about notions of leadership. First, leadership can be bad, not only in technical terms for furthering accepted ends but also in terms of the quality of ends by and to which it leads. Leadership cults cause great damage, unless “good feeling” means something broader than Goleman et al. (2005) discuss from their corporate management perspective. Hitler—Der Fuhrer—was an inspirational, visionary leader, able to fan and mobilize feelings of moral outrage and use them as the oxygen for remolding identities. Fortunately, first among UNDP's “seven principles for leadership programme design” is “A human rights based approach” (UNDP 2005b, 19).

Second, agency is always constrained by structure, sometimes overwhelmingly so, even at the apex points in a structure. But opportunities for agency continually recur,

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<sup>1</sup> See the first issue of the *Journal of Human Development* or UNDP (2005a) and Haq and Ponzio (2008) for more information.

particularly at apex points and other pivot points. Third, “good leaders” need good contexts that stimulate, prod, seed, and discipline them; a good context will also include good “followers” and collaborators; and the leaders need the ability to make use of good luck. Leadership in complex systems exists at numerous levels and can be exercised by many different people. Fourth, leadership is elusive and hard to generalize about. If leadership were not in some respects mysterious, then it would not be leadership but a rule-following profession—like a higher form of dentistry. What works in one case flops or is even disastrous in the next case, for good leadership “appears to have more to do with invention than analysis, despite claims to the contrary” (Grint 2000, 6). In addition, what is relevant as leadership depends upon the situation and the match of person to situation, including the match of “leader” and “follower.” Thus, we must study “followership” as the inseparable twin of leadership.

What might be the requirements for good leadership in the field of international human development? Possibly some of the following apply, among others:

- The ability to build bridges across disciplinary divisions. Provided it is combined with that ability, an affiliation to economics might become an advantage in such diplomacy since economists are perhaps the largest, most entrenched, and sometimes most parochial of the relevant disciplinary tribes.
- The ability to build South-North (and South-South) bridges. Both some Northerners and some Southerners can do this, but the bridge building has been acceptable to the more mistrustful—in this case perhaps the weaker—side. Therefore, in a world of immense international disparities, a Southerner may be a more plausible candidate.
- The ability to carry credibility in a wide range of audiences: with politicians, senior governmental and international administrators and managers, and development professionals and activists. This requires a range of experiences and personal qualities.
- The ability to identify and address big issues—for example, the arms trade—above small ones.

All these qualities must come in addition to those usually associated with leadership: the passion, self-confidence, imagination, and so on that are needed in order to act, and to act primarily on and through other people. The more distrustful the audience, the greater the needs for those usual “unusuals.”

Leadership discourse frequently runs into the dangers of banality, overgeneralization, and oversimplification. We can theorize about leadership, and we can look at cases; preferably, we should do both. Perhaps we can recognize and better understand leadership when we see it. Table 1 suggests some leaders of “human development” in the past two generations, including some from academe as well as “development managers”

and “social entrepreneurs.” Examples of politicians are not included. Theirs may be a harder craft, so examples are less consensual and each possibility listed might antagonize some readers. Instead, the middle row in the table contains figures who spanned academe and administration. Thus, while Haq never worked as an academic, influence through his writings was of major importance in his case, unlike for the figures in the first row. His wife and collaborator, Khadija, likewise belongs in the middle row. Editor of many of the books in which a human development perspective emerged in the 1980s, she was co-founder and Haq’s successor as director of the Human Development Centre in Pakistan. In contrast to Khadija Haq, some names mentioned in table 1 could rouse antagonism, for example, with regard to the means by which they acquired their influence. And not every leader is always a nice guy, or “a hero to his manservant.” Mahbub ul Haq himself could certainly be abrasive, sometimes arrogant.

*Table 16.1.* Examples of Influential Individuals in People-Centered Development after 1945

<p>More Political/ Managerial Work</p>	<p><i>Major Impact</i></p> <p>I. Moham-mad Yunus (founder of Grameen Bank); Fazle Hasan Abed (founder of BRAC)</p> <p>II. Peter Benenson, founder of Amnesty In-ternational; founders of Medecins Sans Frontieres (Bernard Kouchner, Rony Brau-man, et al.)</p> <p>III. Bill Gates (Gates Foun-dation)</p> <p>IV. Eleanor Roosevelt (Universal Declaration of Human Rights); William Draper (UNDP, 1986–1993); Jim Grant (UNICEF, 1981–1995)</p>	<p><i>Signifi cant Impact</i></p> <p>I. A. T. Ariyaratne (founder of Sarvodaya); Iqbal Qadir (Grameen-Phone); Pan-durang Shastri (founder of Swadhyaya)</p> <p>II. Founders of ActionAid; founders of PLAN In-ternational; Bill Drayton (founder of Ashoka— sup-port to social entrepreneurs)</p> <p>III. Georges Soros (Soros Foundation)</p>	<p>Both</p> <p>Mahbub ul Haq (UNDP, 1989–1995)</p>	<p>Richard Jolly (UNICEF, 1981–1995; UNDP); Khadija Haq; Jeffrey Sachs (UN)</p>
<p>More Aca-demic Work</p>	<p>Barbara Ward (founder of International</p>	<p>Denis Goulet, Martha Nuss-baum, and</p>		

Some hypotheses emerge from the examples listed in table 1. All four hypotheses involve a theme of connection, connection to a system, an “engine” of some sort (non-governmental development organizations [NGDOs], the UN, youth, etc.) that can put ideas to use. First, good leaders have strong communicative skills, in speech and/or in writing. Second, they need not just ideas, their own or those of associates, and the skills to present and use them; they also need access to some power and resources in order to be able to follow up on ideas. Third, they can see and use opportunities but must *have* some opportunities: they must be in the right place at the right time. Chambers (2005) rues that while his work on sustainable livelihoods had an audience ready and waiting in the UK Department for International Development (DFID), NGOs, and private voluntary organizations (PVOs), his work on “responsible wellbeing” has gained little attention. He has had major influence among willing, waiting audiences but has not turned around and disarmed hostile or potentially hostile audiences. “Good leaders” need some good luck. Lastly, they require good collaborators and partners. Sen and Haq needed each other, and Haq relied also on Khadija and on William Draper. Jim Grant and Richard Jolly sustained each other’s work at UNICEF (Jolly 2001). Keith Grint claims that all famous leaders prove, on examination, to have often messed up: “the trick of the leader is to develop followers who privately resolve the problems leaders have caused or cannot resolve but publicly deny their [own] intervention ... a ritual that followers appear to require” (Grint 2000, 420). Leaders don’t only lead followers—they rely on them. In other words, the art of leadership is to acquire, empower, and enable good followers.

Leadership is at and via multiple levels in systems. It may be exercised by many different people, not only the great man or woman. In contrast to the conception of leadership as heroic mastery is the image of a leader engaging with others in order to engage their energies (Mintz-berg 2006). This second conception does not mean a loss of focus on individuals; rather, it is a recognition of agency at many levels. Leadership appears also at many different scales of magnitude: in all the actions of taking an initiative, doing the discretionary, the avoidable, the novel. Indeed, others warn that we have no shortage of leaders; the issue instead is how to discipline them once they emerge. Table 2 suggests a range of roles for leaders. While the titles are light-hearted, they highlight a serious theme.

The seeders and weeders are often not the bosses. In Keynes’s famous words in *The General Theory*: “Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back” (1936/2007, chap. 24). Influence may even come without charismatic leaders at all. Jubilee 2000, the successful campaign for international debt reduction, relied on historical research into international debts and debt waivers or defaults over the past two centuries by authors such as Joe Hanlon, plus an insistence that authorities must mean what they say by accession to declarations and covenants of human rights (Hanlon 2000; Gasper 2004).

*Table 16.2. Seeding and Weeding: A Taxonomy of Roles*





3. Ideas about values often have little impact if not incorporated into practical frameworks, methodologies, and proposals; we need ways of doing as well as ways of seeing.
4. To have influence, ideas must be propagated in places and ways accessible to significant audiences.

## **The Roles of Vision**

By “vision” we mean not only an inspirational perspective but, more generally, how people “see”: that is, how they focus, frame, and visualize situations. This includes their historical frame of reference and thus the range of causal factors that they are aware of and their criteria for progress and possibility, as well as how they decide who is one of “us.” The UN Intellectual History Project shows “ways in which intellectual debates can have an impact on the framing of development issues,” including how “UN ideas can change the nature of international public policy discourse and debate and, as a result, can often help states to define or redefine their interests to be more inclusive of common concerns” (Emmerij et al. 2005, 218). The human rights framework is perhaps the best example of such a vision or frame of reference. In this chapter we look at the human development approach.

Politics concerns more than the maneuvering—the bargaining, threatening, etc.—between different interest groups with fixed interests. A person’s or group’s “interests” are not fixed in the same way as a person’s height. One’s values determine what one perceives as one’s advantage, and even what one perceives as “me” and “my”:

Because preferences are always being interpreted and because they can and do change, [policy] entrepreneurs are not limited to traditional brokering roles, but can and do trade in the currency of ideas and problem solving strategies to build coalitions and promote change. The lesson is that political conflict is less about negotiating clear interests and more about framing policy issues. (White 1994, 516)

## **The Roles of Values and Exemplars**

Values have a role in framing thought and directing attention and selections, as well as in motivating effort and mobilizing energies. Some leadership theorists stress that while ideas and vision are important, emotional leadership is even more fundamental to good leadership (Goleman et al. 2005). While Goleman et al. refer to intra-organizational and face-to-face leadership, if we look at modern history we see that the point has wider relevance. Leadership varies from Hitler to Gandhi, from Rwanda to South Africa.

Identity is framed through the inclusion or repression of information and comparisons. Some of the core questions and recognitions required for human sympathy are the following: How would I feel if that happened to me? Others are equally human.

How do they feel when that happens to them? Privilege is largely not earned; those born into privileged circumstances have not earned it but gained it from the good fortune of who their ancestors were and often from the bad luck and dispossession of others.

Comparisons, identifications, and concerns are triggered through examples and exemplars. “I knew the Costa Rica of social injustice: a country of people without shoes or teeth, without [a] university, with scarcely half a dozen high schools, ” declared one of the presidents of Costa Rica (Carazo) who built its welfare state (qtd. in Mora 2000). The image of a people without teeth conveys more than a volume of statistics. Similarly, a personal example of service typically conveys more than any lecture on ethics: more than just illustration, it can inspire, motivate, and convey skills and values (Gasper 2000). Everyday heroes may be more relevant examples than moral supermen, for their example can be connected to everyday lives. An effective leadership development program “will support leaders in developing personal habits of reflection that expose contradictions between their professed and lived values. This personal process of reflection will be mirrored in the work the leader does with the group” (UNDP 2005b, 24).

## **The Roles of Practical Proposals that Embody Values and Reflect a Vision**

Individual value change is not sufficient or the end in itself; it must be complementary and supportive to the establishment of human rights standards, other performance standards, and countervailing forces against powers of privilege to be organized in strong “learning organizations” (Hilhorst 2004). Further, it may be easier to change people by changing visions than by directly addressing their values (de Bono 1985), and a practical proposal may sometimes be the most effective way to influence vision. In any case, a vision is of little use if we do not communicate it well, dialogue about it, and present concrete striking proposals that convey and realize the values and vision. Particularly important are methodologies to structure recurrent practice and policy models that can serve multiple purposes:

Consider small-scale gender-based lending, reproductive freedom, primary education for women, and other elements of a quarter-century- old Women in Development agenda. All have been successfully mongered [sold] to a host of institutions whose primary concerns are not gender equity, but who have become convinced that these programs will reduce poverty, minimize costs of development assistance, placate an increasingly powerful Northern women’s constituency, expand consumer markets, and help clean up the environment. (Murphy 2005, 145)

## **The Use of Ideas: On Networks, Feeding, and Seeding**

Craig Murphy examines lessons from the history of the last two centuries for groups concerned with social justice (2005, 68–71). At certain moments, political leaders and leaders of major organizations need new ideas in order to resolve or reduce conflicts, and they then look around. We can draw from Murphy's book five crucial conditions for justice-oriented groups to make a difference:

1. Have a wide range of ideas and proposals: keep on generating and promoting “an ever-growing array of possible (egalitarian) solutions to the conflicts and globalization problems faced by governments and powerful social forces” (Murphy 2005, 70), in the spirit of “reform-mongering” (Hirschman 1963/1973) and “model-mongering” (Braithwaite and Dra-hos 2000).
2. Keep active contact and cooperation with progressive segments of ruling groups.
3. Maintain a transnational network—to share and build ideas, to give mutual support and lobbying, and to offer sanctuary when needed.
4. In particular, actively seek cross-regional learning—it is vital for building insight, morale, inspiration, and momentum, as in the global meetings of NGO activists. Fomerand (1996) argues that this is one reason why conservative U.S. forces wanted to discontinue or downgrade the series of UN-led mega-conferences around which NGOs from the whole world congregate. The international women's movement has been one important vehicle for, in Milanovic's words, “rich people ... to mingle, meet or even know about the existence of the poor” (qtd. in Murphy 2005, 155). International education is another vehicle (see, for example, George 1997).
5. Connect to and engage with international organizations to adopt proposals from progressive social movements.

Networking means working through the net—to communicate and to catch. Unlike “Murphy's Law” on the inevitability of farce within complex human systems—“Everything that can go wrong will go wrong”—Craig Murphy's five lessons offer encouraging suggestions. We will see each of them exemplified in Mahbub ul Haq's long march through the institutions, national and international.

## **Mahbub ul Haq and the Human Development Approach: Emergence of the Human Development Framework and Its Leader**

Mahbub ul Haq was born in 1934 and grew up in British India and, from 1947, Pakistan. He arrived to study economics in Cambridge in 1953 together with Amartya

Sen, the start of a forty-five-year association. From Cambridge he proceeded to a Ph.D. at Yale, returning to Pakistan at the end of the 1950s to become a principal economic planner in the National Planning Commission. In the 1960s he was an outspoken but increasingly skeptical proponent of giving overriding priority to economic growth (Haq 1963, 1976). To chronologically simplify somewhat: after spending the 1950s studying Northern economics in the North, he spent the 1960s applying it in the South, coming to see the need to extend and transcend such economics; in the 1970s he became a major figure in international development policy networks and led the World Bank's new work on poverty and basic needs; in the 1980s he returned to practice as a government minister in Pakistan; in the 1990s he launched and guided the global human development movement, from UNDP in New York and then in the final years of his life again in Pakistan, focusing also on the rest of South Asia, before his premature death in 1998.

Key elements of the human development approach can be found already in work from the 1950s, such as that by Paul Streeten (1954), who was an associate of Haq from the 1960s on and his lieutenant at the World Bank in the late 1970s, and by Gunnar Myrdal, one of Streeten's mentors (see Gasper 2008). But the breakthrough to a widely graspable, appealing, and workable reformulation of development took a generation more. Haq's leadership role was pivotal as a bold man of affairs able to marshal the insights of a network of academics. In speeches in 1971–1972 he declared that we should “build development around people rather than people around development” (1976, 28). He also argued that a peoplefocus should be built into each aspect of development design, as opposed to distribution being a separate stage to be considered after and separately from production. However, Haq's version of basic needs thinking in the 1970s remained close to basic material needs (“the problem of development must be redefined as a selective attack on the worst forms of poverty” [1976, 43]) rather than to the richer “basic human needs” strand (see, for example, Green 1978). Gradually throughout the 1980s, insights from basic human needs thinking became more widely absorbed under new banners like “human-scale development,” given the now discredited image of “basic (material) needs.” Khadija Haq edited a series of books throughout the 1980s, including from 1986 (with Umer Kirdar) from a series of conferences that were co-organized by UNDP and the North South Roundtable of the Society for International Development (SID). The conferences began with a view of “human development” as human resource development but moved beyond that.

Mahbub ul Haq was in some respects in the background of this movement of ideas during the 1980s while engaged as a government minister in Pakistan, but in other respects he continued as the leader and a central driving force. Besides strength of mind, spirit, and personality, he had several specifically relevant qualities, corresponding to those mentioned earlier. First, Haq's combination of professional experiences— a book-writing economist and battle-hardened planner and statesman in both national and international fora—lent him authority and wide credibility. He had a strong belief in markets (for example, he declared that pollution can only be stopped by the price

mechanism, not by agreements on paper [Haq 1994, 4]), which rendered him acceptable to national and international capital. He had no self-idealization: “I lived through that experience [as Finance and/or Planning Minister] for eight years and I was not able to do very much” (1994, 5). At the end of his career he declined ministerial posts in Pakistan and essayed influence instead through molding the climate of ideas.

Second, of the economist-statesmen in circulation (a profile shared earlier by, for example, Myrdal, or contemporaneously by Jan Pronk), Haq fulfilled some structural requirements that we identified earlier. As a man of the South, he could in some ways more effectively criticize it (as he did in his speech, “What Is Real VIP Culture”<sup>2</sup>), as well as question a self-satisfied North: “why do you make such handsome profits on your export of arms to poor, starved, disintegrating countries while giving

them lectures all the time about human rights?” (qtd. in Arias 2000, 12). Haq positioned himself more emphatically as of the South than did Sen, for example, as seen in his decisions to settle in Pakistan in both the 1980s and 1990s. He saw the necessity to avoid intellectual domination by the munificently funded North and to establish intellectual independence from a condescending and self-important Northern mainstream (Haq 1976, 1980a) and, thus, led the formation of the Third World Forum in 1972–73. At the same time, he was an unromantic realist who saw a need to engage with and redirect, not vacate, the centers of power. He stressed that “The central issue is the organisation of real countervailing power [“political, economic and intellectual” (141)] by the South to accelerate the process of change in the world order. All the diplomatic skills and rhetorical eloquence, taken together, offer no substitute” (Haq 1980a, 141). Writing twenty-five years before the emergence of a working alliance of China, India, Brazil, and South Africa, he faced the problem that “the South” did not exist in any seriously unified way, and that the realistic prospects for advance in cooperation lay at the regional level. He drew lessons from the fruitlessness of the New International Economic Order (NIEO) campaign of the 1970s, which was presented “as a ‘demand’ of the South. It should have been presented, right from the start, as a global need since the existing economic order is not working very well for any side” (Haq 1980c, 273–74). Thus, he tried to provide a feasible framework for North-South negotiations by identifying a principle of mutual benefit, on a basis of mutual need, as well as an appeal to other underlying shared principles: “the North-South dialogue is presently concerned far too much with means rather than with ends..... The new order must be

based squarely on the concept of equality of opportunity both within and among nations” (1980c, 277, 276).

Third, he was an ambitious organizer and drew lessons from the demise of his basic needs approach work in the World Bank. It had lacked institutional protection and could be easily swept away by a new Bank president; it had lacked a comprehensive

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<sup>2</sup> The speech was delivered on June 27, 1998, in Maryland. See <http://www.un.org.pk/hdc/Speeches%20of%20Dr.%20Haq%20Folder/VIP%20culture.htm> (accessed June 1, 2009).

vision that extended beyond the level of (material) basics, and thus failed to frame issues for the whole world (his 1980b paper tries to counter this accusation, but without much impact); and it lacked a natural bridge of language to the mainstreams of economic policy and development policy, in order to convince them that their deeper underlying principles were served rather than threatened.

Lastly, Haq was well equipped for such negotiations and maneuvering. He exemplified the *Getting to Yes* principle of “hard on the problem, soft on the people” (Fisher and Ury 1983). Completely lacking in rancor (in the words of his mentor, Barbara Ward [1976, xiii]), he could also be brilliantly sarcastic (see, for example, Haq 1976, 140–42). These combinations—sarcasm without rancor, criticism equally of North and South, and emphasis on the responsibilities of both—conveyed selfconfidence, mutuality, and balance.

## Vision I: Doing Things with Words

If vision means altering how people “see,” in large part through the use of words, then leaders should be able to “do things with words,” or have partners who can help them do so. Haq wrote with exceptional lucidity and was able to combine depth with accessibility for a nonacademic audience. He added an inspirational boldness, salted by humor—“The aim of this book is a modest one: to cover just a small part of such a revolution in mankind’s perceptions” (1976, xv)—and a flair for sound bites that truly bit. From “the Third World is not merely worried about the quality of life, it is worried about life itself” (1976, 7); to his (in this case borrowing Paul Streeten’s words) human development critique of “jobless growth,” “ruthless growth” that benefits some at the expense of others, “voiceless growth” that excludes the voice of the majority or the minority, “futureless growth” that exhausts resources and ecosystems, and “rootless growth” that destroys identities and cultures; through to his final insistence that “Security must be measured in the lives of the people, not by the weaponry of the state,” he achieved a notably high bite rate. Not all the phrasemaking was effective. His title “The Poverty Curtain” echoed The Iron Curtain. But whereas “Iron Curtain” contained an internal tension—between a curtain’s human touch within the common European home, and the brutal rejection of that commonality—“Poverty Curtain” contained no such internal resonance. Unfortunately, most people in the rich world have preferred a poverty curtain and have supported turning it into an electric fence.

Catchy labels should package big ideas, otherwise they may become counterproductive. The human development framework contains some very big ideas. These include the implicit claim that much previous development has been inhuman, and what Truong and I have called “joined-up thinking”—thinking that is not restricted within the boxes of “national economies”—and “joined-up feeling”—a tacit global sympathy, concern, and commitment (Gasper and Truong 2005). Thus, the Millennium Development Goals (MDGs), which can be seen as an offshoot of the human development

approach, “explicitly commit world leaders to a collective responsibility for all people irrespective of national borders” (Fukuda-Parr 2004, 397).

## **Values I: Human Richness Prioritized in Human Deliberation**

Haq’s human development approach (HDA) has a substantial but easily accessible value basis. Amartya Sen presents its starting point as the rejection of “a monoconcentrationist field: ‘in terms of what one variable should we sensibly judge alternative possibilities’” (Sen 2000, 20); instead, Haq returns to a recognition of plurality when answering the general question, “how should we value alternative possibilities” (Sen 2000, 20). Sen notes how monoconcentrationism led to the triumph of utilitarianism. This was in practice then operationalized in money terms (or “moneytarianism” [Gasper 2004]); the utilities of those who lacked money were ignored. For underlying utilitarianism’s formal triumph was the real triumph of market society and the rules of capital: “It is to the credit of Mahbub’s integrating vision that he saw the possibility of harnessing [diverse] different discontents [with the single-minded concentration on GNP] into the development of a capacious alternative outlook which would be, at once, both practical and broad, and which could accommodate—however roughly—these different concerns” (Sen 2000, 21).

The variables to be included in assessment, their weights and forms of measurement, and the format(s) of synthesis should all be explicitly considered and publicly debated before selection, Haq insisted. This is the same lesson arrived at by some streams in Northern policy analysis, including multicriteria evaluation and deliberative policy analysis (see, for example, Hajer and Wagenaar 2003), to which the HDA can profitably connect. But HDA goes further, adding elements of an explanatory theory of politics to these normative desiderata. It stresses that public provision of data, effectively done—as in the global, macroregional, national, subnational, and district Human Development Reports (HDR)—can generate and feed public debates and bring pressure for informed public action (see, for example, Katoch 2003 on the role of state-level HDRs in India). The Human Development Reports in Vietnam have introduced values into national policy discourse that have helped to steer the country away from a purely free-market path (Thanh-Dam Truong, personal communication, 2006).

## **Values II: Humanity and Mutuality**

The human development movement has avoided adopting only a technocratic language: “But let me state quite clearly: building a compassionate society is not a technocratic exercise. It requires solid ethical and moral foundations. It requires entirely a new way of thinking of ourselves as a human family, not just a collection of nation states. It requires a new concept of human security, which is founded on human dignity, not on weapons of war” (Haq 1997, 4). The stress on being human brings reference to all humans within each state and sometimes, without shouting the fact, all



humans worldwide as well—something that is explicit in the human rights movement, to which the HDA has become increasingly connected. Thus, ironically, the Human Development Reports have had much more of a worldwide perspective than the so-called World Development Reports, whose progenitor has correspondingly lost intellectual leadership. The 2001 World Development Report (WDR) on poverty was led to adopt the language of Sen's capability approach, in imitation of the HDRs, and the recent WDR on equity flirted with a human rights basis.

Operationally, Haq interpreted humanity as a principle to imply equality of basic opportunity, or sufficiency of opportunity. He employed repeatedly the familiar slogan of equality of opportunity in contrast to equality of outcome, but real equalization of opportunity would imply vastly more equalization of outcome than he proposed. His practice, from the basic needs work through the HDRs to the International Development Targets (the earlier name for the MDGs), was focused on ensuring only some very basic—basic in both the material and ethical senses—but thereby agreeable and attainable opportunities for all. While one could probe this and other ambiguities and limitations to his approach, the point here is that Haq's value framework is relatively clear, widely appealing, and robust, and it is neither so minimal as to make no difference nor so demanding as to fail in the task of mobilization.

The rhetoric of humanity is accompanied by a constantly stressed mutuality, within and between nations: "The objectives of the 1970s were not wrong—of course we need more equity between nations and between people. But the tactics were wrong. Developing countries reached out for international justice while denying economic justice to their own people" (Haq 1994, 2), which rendered their claims unconvincing. Mutuality between nations, as well as within them, requires compensation for damage inflicted, including the damage from trade barriers and imposition of migration barriers (1994, 3). Haq drew these far-reaching implications as Kantian requirements of intellectual consistency, stemming not from a presumption of global citizenship but from the more basic conception of common humanity, which means that those who interact and can harm each other are bound by principles of global civility.

## **Vision II: A Historical Perspective**

Haq situated his ethic in a historical perspective of how things have changed and will continue to change. His earlier writings regularly drew an analogy between the historical evolution within many countries (though less so in Pakistan) of relations between the rich and the poor—a gradual narrowing of gaps and building of political community—and a predicted evolution of relations between rich and poor countries, an analogy that had been used by writers such as Myrdal since the 1950s (see, for example, Haq 1976, 164, 169; Myrdal 1960). Later, as the world did not follow that track but showed ever more dramatic inequalities, he switched to different formulations. He never proposed, however, the utopia or nightmare of a unified global state. The automatic resource transfers he called for in the 1970s were seen as a purely temporary

requirement (1976, 209), analogous to the Marshall Plan: “in 1947 ... the Americans, with unparalleled generosity, gave away for five years about 2 per cent of a GNP less than half its present size” (Ward 1980, 265).

Thus, Haq’s own focus from the late 1970s was on trade and migration issues, not aid: “The vision of the 1990s is totally different from that of the 1970s. Basically aid is going to be phased out—it’s a reality of the past and not of the future; you can’t base the future of nations on charity” (Haq 1994, 3). His rhetoric of persuasion was designed to both inspire the South by a picture of the formation of self-respecting, self-reliant agents, rather than permanent welfare clients, and convince the North to promote this shift in policy, on several grounds. First, open markets represent the principles that the North formally enunciates as well as what the South should espouse if it believes in itself. “I believe that applying market principles internationally would favour developing countries,” declared Haq (1994, 3), a stance that seems now to have become a predominant view in much of the South. Second, the North is told that the MDGs are only a temporary and relatively modest call on their pockets, for great human benefit. And third, the North is advised that this path is the cheap, safe solution and represents its enlightened self-interest, as compared to the path of indifference and short-run profit:

We looked back at 1980 to see which countries had the highest ratio [of military expenditure to expenditure on health and education]. Number one was Iraq—eight times more on military than on education and health Number two was Somalia Number three was Nicaragua..... Within a decade these countries could neither protect their national security, for which they were getting all these arms, nor their human security. And the countries that supplied their weapons in 1980 were itching to get in a decade later to collect them. (Haq 1994, 4)

Selling arsenals of arms to Iraq no longer seemed like such a smart idea.

The main historical vision that Haq articulated throughout his career derived from a robust belief in people’s potentials and in the capacity of Southern societies. His optimism might sometimes appear extreme—“In many ways I see the current situation, which is generally seen as collapse in Africa and elsewhere, not as dreadful but as a healthy sign of democratic change” (1994, 1)—but it was grounded in an assessment of fundamentals. People have intelligence; people in the South have basically as much intelligence per person as in the North; and the South has many more people. The barriers to the unleashing of human potential in the South are major—“if development is not engendered then it is endangered”<sup>3</sup>—but they are not permanent: “I do not think that they [most people in the developed countries] realize that the Third World *is* the future international economic order and the developed countries have to start thinking today in terms of fashioning policies to come to some reasonable accommodation with

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<sup>3</sup> See, for example, UNDP *Human Development Report 1997*, 7. Available online at <http://hdr.undp.org/en/reports/global/hdr1997/> (accessed June 1, 2009).

it” (from a speech in 1973; qtd. in Haq 1976, 144). A generation later, with the rise of China and India, this penny has finally dropped in the North.

## Proposals: Catching the Eye and Guiding the Mind

Haq did not shun controversy, but he was not interested in intellectual contestation *per se*. He sought ideas that could broker and sustain alliances, especially practical ideas that could attract support from various positions and on various grounds. He became a master of the concrete, visionary proposal: the family of human development indices; the 20/20 principle adopted at the 1995 World Summit on Social Development in Copenhagen (a title that politely avoided trumpeting the rise of the new human development perspective); and the MDGs, which have converted the weary formula of “progressive realization” of economic and social rights into concrete agendas. Arms trafficking should be a criminal offence in the way that drugs trafficking is, he declared (Haq 1997). And, he would have added, for arms just as for drugs the proscription should apply to states and not only to private individuals—and to rich states as well as poor ones. The principle behind such proposals was to generate public attention, commit public action, and then hold leaders accountable. Haq knew that what gets counted is what counts in the end. The Human Development Index (HDI) is a tool in democratic politics, designed to open debate and dethrone moneytarianism and the fetishization of GDP; it is not intended to be a precision tool of technocratic summation.

Haq was central in creating what later became the language of the MDGs, especially through the 1994 Human Development Report, which set much of the agenda for the 1995 Copenhagen summit. Many worry that the MDGs are too crude, too top-down, and unreachable without support from rich countries that is not forthcoming. Again, this assessment misreads a political strategy as a technical action plan. One of Haq’s achievements was to make plain, notably in the HDR of 1991, through attention to how both national budgets and aid budgets are allocated, that in nearly all cases lack of political commitment—not lack of resources—underlay the nonfulfillment of basic needs (Haq 1999, chap. 15). The MDGs are a tool for trying to generate and maintain that political commitment. They have focused attention on the real basics— “the people without teeth”—and opened a public space for discussion on how to formulate, approach, and implement the goals. And they provide a yardstick by which people will be judged, such that if there is seen to be failure, then there should be reaction. The underlying presumption is again optimistic: that the reaction will be of activist anger, not disillusioned withdrawal.

Haq was clear about what he was doing:

It is true that we may never be able to eliminate all social and economic injustices or to provide equality of opportunity to all the people. But we certainly can take a few practical steps ... which can become a reality only if all of us start a global civil society

movement for their achievement Let us get organized. Let us monitor the progress of each na

tion and each donor towards these goals every year and let us publicize it through NGO efforts and through all civil society initiatives so that the world does not forget the commitments it made only recently [at the Copenhagen summit]. (Haq 1997, 2–3)

Haq’s “few practical steps” thus include the building of a global network in order to give “the world” self-consciousness and conscience.

## Networks and Systems

Leadership task number one is to build; leadership task number two is to hand over. Haq was not possessive about ideas or organizations. He kept moving on. Already in his 1976 book he enunciated an implied warning with a picture of the three stages of a successful idea: first, it encounters organized resistance because it endangers old distributions of authority; second, it is deified as the new orthodoxy; third, it is applied, tested, refined, and reinvigorated or replaced. He repeated the warning in the second edition of his *Reflections on Human Development* and called for vigorous debate, criticism, and new departures (1999, 225, 228 ff.). In his own work he led the enrichment of human development discourse by promoting the perspectives of human security (Gasper 2005), ensuring good successors in the Human Development Report Office, and returning to Pakistan to promote the next stage: spreading the debate in “all institutions of learning, think-tanks, and intellectual [and policy] circles” (1999, 225). He avoided the trap of personalization, deification, and petrification of a movement of thought and action.

Effective leadership energizes and liberates others, both as a powerful means and as a priority end. In that sense it inherently networks: building a net and stimulating others to catch with it. But this is very difficult, as anyone who tries it knows. To build something one needs to go step by step and then somehow construct or see and take an opportunity for “take-off,” from a “tipping point” where one’s network and one’s partners’ networks can connect to a wider world. Haq worked steadily in various overlapping networks—the world of development planners and development economists, the world of government policy makers, the worlds of development critics and of rethinking from the South—through the World Bank; the Third World Forum, which he co-founded in 1972; the Society for International Development, in whose activities he and his wife participated regularly throughout the 1980s, thereby deepening his link to the UNDP; and more. From the end of the 1980s, when the opportunity arrived, he used his organizational and intellectual network of networks to make the breakthrough.

# Vision, Values, Network, and Proposals: The United Nations and Global Civil Society

Haq's moment of greatness was his period at the United Nations (1989–1995). He acted on the lessons drawn from his time spent at the World Bank. The Human Development Report Office obtained editorial independence, allowing it to function as a genuine think tank and, therefore, help the UNDP to learn (UNDP 2005a). It presented a comprehensive vision beyond the level of (material) basics. It maintained a bridge to the mainstreams of economic and development policy—through use of Sen's languages of choice and effective freedoms—and has thereby been able to influence them. In the process, Haq's HDRO contributed to the revival of the idea and principles of the United Nations.

The UN was created as a follow-on to the association of wartime allies and friendly neutrals known as “the United Nations”; it was designed to be a well-behaved reference group for the new dominant power, the United States, and its closest allies. Tension arose between the rhetoric of the UN's charter and the intentions of the hegemons, the self-perceived “capable actors” of the global scene (Steele and Amoureux 2006). Was the UN the world at work, democratically setting rules and making decisions for itself, or was it the continuance of the victorious wartime alliance, a committee of the big powers with their dependents in tow?

Haq took up the potential within the foundational rhetoric. He could do so, by the 1990s, thanks to the combination of qualities that we discussed above. He was a Southerner who could speak for the poor and historically marginalized, but at the same time he was a confident insider in the North; he criticized both sides forcefully and was a strong critic of the UN for being so fragmented and disunited. He sought “to create a ferment of ideas” in the UN “and to make policy makers uncomfortable” (Haq 1994, 4). He dared to speak for the UN, from within: “I think the UN has to do a number of things,” for example, “the UN must move aggressively on disarmament in the developing world” (1994, 2). He pointed a finger at the permanent members of the Security Council, who supply nearly all of the vast global arms trade, often involving state promotion and subsidy. Implicitly, he used the conception of the United Nations as the world's democratic forum, not as the Great Powers' consultative chamber to be ignored when unruly. Indeed, he explicitly called for a two-chamber UN: one for governments “and the other chamber elected directly by the people and by institutions of civil society” (Haq 1997, 4).

Haq challenged endemic UN timidity by speaking out freely, not only via UN channels. Just as a political strategy underlay his legacy of the Millennium Development Goals, so a particular perspective of historical dynamics underlay Haq's use of his period in the 1990s as spokesman not just for the South but for human development as a whole. The hypothesis was that, even if blocked directly in the worlds of the UN and Washington, his sort of language could resonate in the new corridors of global

civil society, corridors that were totally absent when the United Nations and Bretton Woods institutions were set up in 1944–1945 by the then-masters of the world (Sen 2004) but that are now vibrant and able to affect global politics.

Thus, leadership for human development and social justice seems to involve a type of leadership through ideas that (1) provides a vision (or set of visions); (2) embodies values of social justice into a way of seeing and into concrete proposals; and (3) builds and uses networks to share and support these ideas and proposals. The notions are interlinked. Thus, one builds a network through values, vision, and inspiring ideas; though not sufficient, these qualities are necessary, especially to maintain and energize the network.

This chapter is not intended as a call for MBAs or MPAs in Leadership Studies; rather, it is an attempt to look at catalyst roles in movements of progressive change. As remarked earlier, we are interested not only in the great-man/woman model of leadership but in all the actions of taking a lead, an initiative, doing the discretionary, the avoidable, the novel. Abraham Maslow would ask his students: “If not you, then who?” Examples of leadership help in acceptance of responsibility and moral agency while recognizing structure: the acceptance of being in our situation in both senses—being constrained by it and yet responsible within it.

## Notes

Earlier versions of parts or all of this chapter were presented at a Ford Foundation fellows summer school at the Institute of Social Studies, The Hague, June 2005; at a training event for UNICEF officials at the University of Maastricht, Netherlands, June 2006; and at the 7<sup>th</sup> International Conference of the International Development Ethics Association at Makerere University, Uganda, July 2006. I would like to thank participants of those events, Raymond Apthorpe, Craig Murphy, and Paul Streeten for helpful comments.

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# 17. Gauntlets of Equity: Practical Ethical Challenges for Development Tomorrow

Katherine Marshall

## Conundrum or Challenge?

Global equity can represent an abstract concept rooted in many schools of thought, especially in philosophy, economics, and politics. It can also stand as a highly practical goal for those engaged in global development work. Either way, it presents some of the most complex moral, political, and practical challenges of our day.

Equity involves a complex web of relationships that feature complex ties among, just for starters, justice, rights (both human and property), freedom of choice, security, political power, wealth and poverty, lifestyles, social and economic welfare, notions of responsibility, and safety nets. This is a value-full topic. Central to the values at stake—“hard-wired” at least to some degree—is a human desire for “fairness” often grounded in an instinctive sense of what this term means. Equity evokes fundamental human values that come into play from the earliest years of childhood (“it’s not fair,” many very young children will assert). This urge for fairness and for what is right is complicated today by a growing set of issues (in addition to its ancient roots, of course) that tie equity and

**384 the perceptions of what is and is not fair to security, safety, and welfare. A stark question that we face today is whether there is safety for anyone while so many millions, even billions, of people recognize glaring gaps in opportunity and welfare and do not consider either the present or the future paths as just and fair.**

However frequently and fluently we use the word “equity,” questions often arise: What does it mean? Equity in relation to what? To whom? Whose responsibility is it to bring about this fairness, this equity? I was interrupted midway through recording a BBC presentation with the request that I omit the word “equity” “since no one knows what it means.” Thus, equity represents an intellectual and ethical gauntlet even as the tangible and practical demands to work for equity call us to take up a profoundly demanding cause. It is a cause with which Dennis Goulet grappled with passion and intellect his life long.<sup>1</sup>

International development practitioners wrestle with concepts of equity that tug in different directions. The effort to ensure an equitable approach can pit quite different concepts and objectives in seeming opposition. Commitment to common human welfare and increasing appreciation of the significance of global interdependence is widely espoused. In recent years, this notion of the common welfare increasingly has been framed in terms of shared human security, which comes with a conviction that both justice and peace and security are tied to a notion of balance.<sup>2</sup> Yet also at work is a central premise of much development thinking and practice (with roots in many disciplines, including economics and sociology): that opportunity and welfare are fundamentally tied to individual freedom, to entrepreneurship, and to freedom of choice.<sup>3</sup> Painful experience argues that efforts to restrict the acquisition of wealth and entrepreneurship, to intervene robustly in markets, and to promote intrusive social engineering often undermine the common good. Shadows of socialist paradises crumbling into nightmare societies come to mind. Yet an opposing wisdom is grounded in the conviction that a winner-take-all mentality and unfettered reliance on the mysterious hands of the markets erode the social order that sound markets need in order to flourish. A “happy

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<sup>1</sup> A good and representative collection of Goulet’s thinking on equity, including references to and reflections on his work, is in *Development Ethics at Work* (2006).

<sup>2</sup> The central theme of the World Conference of Religions for Peace (WCRP) Global Assembly in Kyoto in August 2006 was “Shared Security,” and a major UN Commission headed by Sadako Ogata and Amartya Sen that issued a report in 2004 was centered on the notion of human security.

<sup>3</sup> The links are perhaps best exemplified in the writings of Amartya Sen, notably Sen (1999).

medium” is obviously what we are searching for, but the tensions that arise in the attempt to reach this medium are far from negligible.

There is a vast theoretical literature, cutting across disciplines, about the issues and measurements of equity.<sup>4</sup> The World Bank’s 2006 *World Development Report* is subtitled *Equity and Development*; it is the first treatment of the topic in such a prominent manner by an international development institution. The word “equity” appears with increasing frequency in titles and discussions about development. This chapter, however, starts from a different place. It builds from experiences of this gauntlet of issues as a practitioner. It represents the personal reflections, even musings, of a development practitioner in the form of an agenda accompanied by some challenges for reflection. I also hope to temper Denis Goulet’s powerful and often-recurring image of “Development Experts: The One-Eyed Giants” (see Goulet 1980) with a piece that reflects the complexity of the challenges as they present themselves on the ground and the sincerity and seriousness with which practitioners grapple with the moral dilemmas involved in development, while also acknowledging how seldom these reflections feature in written materials and the long road of reflection that lies ahead.

My starting perspective is that the current focus on global poverty reflects a practical and moral consensus that is gaining ground. The moral and ethical issues involved are fairly straightforward; the practical issues of how to fight and end poverty are where the dilemmas lie. But fighting poverty in itself is probably impossible without grappling with the far more complex issue of equity, and there the grounds of ethical and moral discussion, and to a much greater extent the practical dialogue and debate, remain far more murky.

A story from my experience some years ago as a World Bank director for the Sahel region of Africa illustrates this problem. I visited schools in Niger around 1993 because we were deeply concerned about the failures of education systems and reforms. I spent a sobering morning in classes of young children with more than 150 students to a class and an appalling lack of furniture and teaching materials. Even so, these were privileged children since the majority of their age cohort were not even in school. The wrongness of the situation, its dangers, and its pathos were completely obvious, and our obligation to do all in our power to support change seemed self-evident. The question was what to do in a politically fraught environment where teacher and student strikes were explosive and government coffers were empty.

The following week I visited potential schools for my own son in the United States; with wonderful choices and superb schools, I was a world away from those in Niger. The inequity was stark and horrifying to me (as it is to many in Niger and its cohort nations) and without moral or practical justification. But the path to true equity seems a long and complex one, with few easy answers. We know at least in theory part of

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<sup>4</sup> To cite one example published by the International Monetary Fund, see Tanzi et al. (1999), which highlights the increasing focus on issues of equitable growth. Finn (2006) is a recent and thoughtful example, but there are a large number of others.

what we want: a fair start for each and every child. But how to get there, and even whether we can dream it as a possible dream, is still very far from clear.

## Meanings of Equity: Exploring Etymology

Equity has been gradually shaping itself into a refined science which no human faculties could master without long and intense application.

—Lord Macaulay

The roots of discussions about equity go far and wide. It is worth recalling, nonetheless, that many lead to deep concepts and traditions of the world's religions. Notions of equity are deeply engrained in virtually every faith tradition. A vast body of theological teaching and wisdom links notions of social justice to relations between women and men, old and young, rich and poor, and community members and strangers. Over the centuries, these religious and cultural traditions and teachings have been interwoven with concepts and institutions of law and justice in the public domain. The Enlightenment concepts of justice and freedom had strong overtones of a quest for equity. The roots also go deep into psychology and human motivation.

"Equity" has several different meanings in English, and its derivations suggest a range of practical insights. The word itself is derived from the Latin *aequus*, which means "even" or "fair." The term traversed to contemporary English through the Old French *equite*, which connoted legal and social rights. And, indeed, the historical use of the term "equity" rests on natural rights and justice. An early definition focused on "the giving, or desiring to give, to each man his due, according to reason, and the law of God to man; fairness in determination of conflicting claims and impartiality."<sup>5</sup> In practice, equity entailed protecting rights (including those not protected by other means) and arbitrating conflicting rights. Jurisprudence in England and the United States linked equity and common sense, reflecting the inadequacy of common law in securing justice in all cases. Thus, distinct courts relied on injunctions, bills of discovery, bills for specified performance, and other processes to secure equity.

In contemporary usage, the notion of "equity" as fairness, conformity to rules and standards, and impartiality reflects this link to justice. One definition describes equity as "the state, quality, or ideal of being just, impartial, and fair."<sup>6</sup> Yet equity also signifies the difference between the market value of a property and the claims against it, as well as the ownership interest of shareholders in a corporation. Concepts of fairness, evenness, and balance are thus closely linked with the creation and protection of wealth and capital. This connection reflects English common law and its treatment of property, including the distinction between inherited rights and those secured through use. As courts went beyond the letter of the law to reflect a higher notion of justice, equity rights evolved to encompass a trust, where a trustee was entrusted to manage property

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<sup>5</sup> *Webster's Dictionary*, 1913, s.v. "Equity."

<sup>6</sup> *American Heritage Dictionary of the English Language*, 4<sup>th</sup> ed., s.v. "Equity."

on behalf of a beneficiary. This concept was transposed to the financial world. Thus, an equity share in land entitles the owner to income it generates, or, in the case of a company, a full share of its profits or losses.<sup>7</sup> The true meaning of a concept or word can often be traced to its opposites. In the case of equity, commonly used opposites are inequity, unfairness, and injustice, as well as indifference, partiality, and bias.

## Human Capabilities and Playing Fields

Much clear and very useful wisdom emerges from recent reflections on equity that can be accepted as “givens” for this discussion. The most significant is embodied in the “capabilities approach” articulated by Amartya Sen and adopted almost as a mantra by many throughout the development world.<sup>8</sup> This approach focuses on human capital as the starting point and offers a menu of virtues, including a compelling set of arguments for a priority focus on education and health. The basic idea is that it is a common community obligation to allow each person to develop her capabilities and, thus, start out from a similar position as everyone else.

The notion of “a level playing field” also dominates today’s discussions of equity.<sup>9</sup> This notion also suggests an equal starting point, and it implies productive, team-based competition; clear, commonly understood rules; fair, incorruptible referees; and the opportunity to excel. The sports analogy also suggests, however, that winning and losing are part of the game—though the loser is not fed to lions, as was the case in ancient Rome—and with a second chance, another game may come. At its core, a level playing field suggests a common starting base and a fair chance to win. We know full well, however, that the world’s playing fields are not remotely level.

Sobering experience with the dynamics of poverty adds two concepts to these notions of developing human capabilities and “leveling the playing field.” One is empowerment: the insight that full engagement of communities is vital to the success of development efforts. The other is human dignity: the importance of respect for each individual.

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<sup>7</sup> This analysis of the legal history of concepts of “equity” owes much to comments from Emmanuel Peccoud.

<sup>8</sup> Note the thoughtful and comprehensive exploration of the concepts by Sabina Alkire (2003).

<sup>9</sup> Such discussions include World Bank (2005), which focuses on equity. Equity, along with the notion of a “level playing field,” were also central topics at a meeting of leaders of faith and development institutions in Dublin, Ireland, in January/February 2005. Marshall and Keough (2005) reports on that meeting.

# Poverty and Equity Go Together Like a Horse and Carriage? Global Challenges of Inequality and Poverty

A starting point for most discussions of global equity is world poverty. Amid great plenty for many, some 1.2 billion people live on less than \$1 a day, and close to 3 billion live on less than \$2 a day. In an era of spectacular health advances, countless children and adults die of preventable diseases (we can estimate their numbers, but their names and fates go largely unreported). As a stark example, more than 40 million people are HIV-positive, yet only a small fraction have access to lifesaving drugs; about 3 million people died of AIDS in 2005. Although outstanding education is the norm in many parts of the world, more than 115 million children are not in school—two-thirds of them girls, and one-third with disabilities. The quality of education even in rich societies varies so widely that no one could argue that education offers all children an equitable start. These brutal and frightening numbers paint a picture of great misery and premature death, and vividly portray the missed opportunities that come with inequity.

Two new and vital elements fuel ancient debates about the causes of poverty and the responsibilities of those who have to those who have not. First, poverty is *not* inevitable today, as it was supposed to be through the ages. Numerous societies—Scandinavia and Singapore among them—have shown conclusively that poverty can be ended, at least in its worst forms. There is enough wealth in the world to end hunger and ensure education and health for all, several times over. If we *can* defeat poverty, do we not have an obligation to do so? Second, the miseries of global poverty are visible to all across long distances: no one can forget for long that others live in unacceptable conditions.

The contrast between world poverty and the visible plenty of contemporary society reveals a world dangerously out of balance. When presented as a moral challenge, this portrait is a call to action. The Millennium Declaration by world leaders at the United Nations in 2000 expressed moral outrage about poverty and called for common action to fight it. Leaders from political, religious, arts, and business sectors also call the fight against poverty the central challenge of our generation. Yet inroads against poverty since 2000 have been disappointing. A *New York Times* editorial published on February 27, 2005, entitled “Thousands Died in Africa Yesterday,” conveyed the difficulty of keeping the spotlight on poverty and criticized this generation for its lack of progress on ending poverty, noting “Yesterday, more than 20,000 people perished of extreme poverty.”

## Equity: Beyond Poverty

Yet the global equity challenge goes well beyond the problems of the world's poorest citizens. Knotty problems begin with a lack of consensus regarding what an equitable society would look like—much less how to achieve it. There is, however, broad consensus on what equity should *not* be. Equity is not equality: in no sense should everyone's life path be the same. Equal income for all the world's citizens is neither desirable nor possible; everyone should not perform the same job or live in the same type of house. The ideal that “many worlds are possible” reflects an understanding that equity must allow differences in individual choices and outcomes and in social norms. Freedom—which trumps many other values—means not only accepting but celebrating difference. Thus, equity eclipses equality.

Economists have tended to focus on income distribution as an indicator of inequality and inequity. The Gini coefficient—a measure of inequality in income distribution—is a barometer of the gaps that separate a society's richest and poorest quintiles, and thus the depth of its divisions. Still, consensus is clear that income and wealth do not suffice as indicators of quality of life, which includes the opportunity to develop human capacities and, therefore, education and health. This, in turn, puts special focus on children and youth.

Debates still rage about the notion of equity with regard to gender. Some argue passionately that equality of opportunity and treatment between girls and boys, men and women, is the clear and unambiguous goal. Others see equity as the goal—guaranteeing basic rights and opportunities for women but allowing for different roles and respecting cultural differences. The jury is still out on where different societies should draw lines around gender roles. As so often happens, the devil is in the details—namely, translating ideas about equity into practice.

The lack of consensus concerning the characteristics of an equitable society is complicated by widely varying views about how the processes of globalization affect the challenges of equity, equality, wealth, and poverty. For some it is axiomatic that globalization accentuates inequality and militates against equity. For others, globalization offers extraordinary prospects for growth and overall increases in welfare. Amidst all the contentious issues, there is one feature of globalization that deserves particular focus: the extraordinary communications revolution that makes differences in welfare and opportunity so blindingly evident even in far reaches of the world. The debates about equity take on a far more immediate character in this brave new world of instant and universal images of lifestyles across the world.

Another challenge we must consider is Amy Chua's exploration of links and disconnects between economic and political power (see Chua 2004). She highlights the significance of the implications of concentration of wealth in the hands of specific ethnic minorities in many societies and how ideals for development of markets and democracy can pull in very different directions with destabilizing consequences. Within these circumstances, what is the path to equity?



## A Common Ethic and Cultural Divergence

Reflecting its evolution as a concept of both law and justice, equity is often used in relation to rights: to fair play, to an equal chance, and to property and security. Thus, equity is inextricably linked to basic notions of democracy and the mechanisms that aim to protect the interests of minorities and disadvantaged groups. Equity relates to individual societies, nations, and religions that have conceived of the rights of citizens and social groups such as women, children, religious groups, and ethnic groups. Equity further links to global systems that address human rights, flowing from the debate over global governance and democracy that points to equity and rights.

The link between equity and rights has important practical implications. Because equity implies rights backed by formal legal agreements and arbitration mechanisms—however imperfect—measures to help the poor and address major inequities in opportunity and welfare are seen through this lens as quite different from charity and choice: they are an entitlement. Thus, aid from rich to poor countries is not voluntary or a gift but entails obligations on the part of both giver and receiver. Development work is tightly connected to the concept of a common good, wherein everyone assumes some responsibility for society's welfare. Private property implies not the right to use and abuse goods but a responsibility to tap them for the betterment of the community. Here, sustainable development merges with social welfare.

The post-World War II period saw intense reflection about how to govern the world, partly reflected in the Universal Declaration of Human Rights (UDHR), which was affirmed in 1948. During consultations on that declaration, a small group of philosophers and religious leaders provided substantive inputs on human dignity and equity.<sup>10</sup> They highlighted shared values and concerns across cultural boundaries while also acknowledging far-ranging differences. People disagree on what “universal rights” mean in practice and whether the various rights enshrined in the UDHR conflict with cultural practice. Nonetheless, the declaration represents a fundamental consensus on common principles and a vital framework for global discussions of equity. The challenge of translating rights and equity into understandable terms, however, and above all into action, remains an important and intractable problem.

In the ensuing decades, vast social and economic changes have challenged, elaborated, enriched, and refined these concepts. Two tectonic shifts have especially changed notions of rights and equity. The first is the rise and fall of communist regimes. A stark illustration of how hopes rose and were crushed, in allegorical form, can be found in George Orwell's *Animal Farm*, a tale in which a wonderful ideal of both equity and equality within an oppressed community slowly were eroded by a raft of sorry human characteristics such as selfishness and greed. The second is the giving way of Christian-Judeo thinking to an intercultural world wherein universal values seek to encompass a much larger range of cultural traditions. These include Confucianism and Buddhism,

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<sup>10</sup> Glendon (2002) and UNESCO (1949) tell this story.

which appear, in a nuanced sense, to be more moved and inspired by notions of responsibilities than rights.

Societies everywhere are far more plural, and living with diversity is a far greater challenge than it was in 1945 (see Eck 2002). This diversity raises the question of whether a liberal society can rest only on procedural rules (as advocated by John Rawls and Jurgen Habermas), without reference to metaphysical values or common ethics derived from the world's major philosophical and spiritual traditions (as advocated by Hans Kung). A far better path would mix rule-based and value-based approaches, highlighting the richness of different cultures and the human capacity to adapt to experience.<sup>11</sup>

## Inequity and Social Policy

More recently, development debates—along with the search for deep and sustainable efforts to alleviate poverty—have scrutinized the links between equity, economic development, and social justice. Severe income disparities, an inability to meet basic needs, and a lack of access to health and education have long been hallmarks of life for many in developing countries. Yet the impact of such deprivation goes beyond the physical to include vast differences in political influence and social status for individuals as well as communities. Stunted opportunity—starting with childhood malnutrition and encompassing inferior access to schools, health facilities, roads, and markets—prevents individuals from securing decent jobs, thereby perpetuating the vicious cycle of poverty. A similar cycle yields inadequate political voice and participation. Apart from raising profound ethical questions, such inequalities make poverty much more intractable and worsen crime and violence. Social unrest undermines public and private institutions, poisons the climate for public investment, and ultimately unravels the fabric of society.

Although the links between stability and equity are much debated, there is compelling evidence that peaceful and stable societies are incompatible with large gulfs in opportunity and that perceptions may be as important as reality. Thus, the notion of social justice—an often-undefined ideal of a just society—plays a major role in discussions of inequity at both community and national levels, and perhaps most dramatically in debates about the global economy.<sup>12</sup>

Nadine Gordimer's short story "Once upon a Time" probes the consequences of living in a divided society (Gordimer 1992, 23–32). A family starts with openness and good values, but the perception of dangers and threats, all tied to economic and racial divides, progressively isolate and separate them from their community and erode their

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<sup>11</sup> An illustration of an approach along these lines is the Decent Work strategy of the International Labor Organization (ILO). See International Labor Organization (2004, xiv–xv).

<sup>12</sup> The constitution of the ILO—the world's oldest multilateral organization, established in 1919—opens with the phrase: "Whereas universal and lasting peace can be established only if it is based upon social justice" See <http://www.ilo.org/ilolex/english/constq.htm> (accessed June 1, 2009).

values. Their child ends up mangled by razor sharp wires on a high garden wall that had been installed to protect the family from intruders but instead destroyed its own life instead.

Research and reflection highlight the importance of relative equity. That is, people's aspirations and contentment reflect their relation to others rather than any absolute sense of well-being. Fairness is about balance and relative justice—in families as well as societies. Therefore, development practitioners are reemphasizing equity considerations as central elements in efforts to reduce poverty; they realize that their success or failure reflects both aggregate economic growth and its distribution. An important underpinning of such outcomes is institutions and policies that promote equity across economic, environmental, financial, and social sectors. The shape and direction of public policies and institutions has a profound impact on development. Sustainable change requires more than increases in household incomes: it requires an underpinning of positive social change that incorporates the dynamics of power and cultural systems and values of the local population.

## The Geography of Equity and Globalization

Today's inequities reflect vast differences among different regions, some explicable by geography but most by a complex amalgam of history, accumulation of power, perhaps culture, and "stickiness" of patterns once they are established. The wealth of the United States and Europe is inequitable because it extends far beyond economic and social prosperity to political influence. To the extent that globalization patterns accentuate and aggravate the gulfs, tensions mount.

Beyond global inequities lie inequities in every domain of human endeavor, with the gaps between men and women perhaps the most pervasive and easiest to measure. Inequities also exist between regions, subregions, countries, cities, and even the smallest communities. The quest for solutions to global, regional, and national inequities is a core challenge for the development community. Defining what equity could look like is a first step. Working out how to get there is perhaps an even thornier venture.

Thomas Friedman's recent book *The World Is Flat* presents the equity issue in a new light (see Friedman 2005). He observes that opportunity is spreading without regard to geography and that future generations will face competition in virtually every corner of the world. Friedman's world is far from equitable: it implies a global system virtually without social checks and balances and with a fiercely competitive spirit that militates against the stability and predictability that were the hallmarks of traditional societies. Such a flattened world calls for dynamic and creative global governance and standards to address the social consequences of inequity.

# Inequity and Philanthropy

And again I say unto you, It is easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God.

—Matt. 19:24

The role of the rich—their responsibility to care for those who are less fortunate, and the impact of that wealth on the rich themselves—has been a critical element of political and theological debates about equity. While most traditions have promoted philanthropy as both reflecting compassion and charity and serving the soul of the giver, many people now see wealth as an agent of social change and creativity. Philanthropy does what public systems cannot do because they lack the vision and political will or the necessary resources—partly because of privatization and a curtailing of public responsibility. Philanthropy is also seen as sparking innovation that is too risky for either public funding or bureaucratic management.

## A Menu for Reflection?

However important, the focus on human capital—the idea of “a fair start”—still leaves many questions about how to foster the fairness that is the basic *raison d’être* for our institutions and individual engagement while avoiding countless pitfalls along the path. These questions include the following:

- How does equity relate to freedom? Can there be “freedom to be inequitable”? How can we reconcile freedom of choice and path with the different and often inequitable outcomes that accompany free choice?
- How much inequality is still equitable?
- What level of poverty crosses a threshold to inequitable?
- What level of wealth crosses a threshold to inequitable?
- Who sets the standards? Do they change over time?
- What responsibility do those with resources have in ensuring equity?
- How does this reflect the debates about development aid?
- How do merit and individual choices relate to equity (arguments concerning the “deserving poor”)?
- How do cultural norms and values affect universal rights?
- What is the relationship between community equity and individual equity?
- What are our contemporary ideals for an equitable, just, and fair society?

## Concluding Thoughts

Equity is rooted in high ideals and the concepts of balance, relative welfare, and opportunity, which inevitably change from place to place and time to time. A universal view of equity is unlikely to emerge. Nonetheless, we must find common ground and apply equity ideals to daily decisions and actions and the way we frame debates. Thinkers such as Swiss theologian Hans Kung and economist Amartya Sen provide critical support for such a quest. Kung has drawn on the major world faith traditions and philosophies to produce what he terms a global ethic—a foundation for both inter-faith and intersectoral dialogue (Kung, Kuschel, and Bowden 1993). A parallel effort seeks to define human responsibilities. Sen (1999) has applied notions of freedom and opportunity to economic theory and practice and focused global antipoverty efforts on the development of human capabilities.

A final vernacular and practical definition of equity encapsulates the core challenge. This formulation equates equity with “justice dictated by reason, conscience, and a natural sense of what is fair” and to the formidable task that faces every family in every society: ensuring “an equitable distribution of gifts among the children.”<sup>13</sup> The quest is to translate that deep-seated notion—hammered out in family after family from time immemorial, and in communities, polities, religious traditions, and the United Nations—into practice. The end, after all, is to develop the “gifts of each child” while apportioning fairly the broader gifts of the global family.

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<sup>13</sup> *American Heritage Dictionary of the English Language*, 2007, s.v. “Equity.”

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# 18. Ethics and Contemporary Macroeconomic Policy

Kenneth P. Jameson

In our *An Inquiry into the Poverty of Economics* (Wilber and Jameson 1983), Chuck Wilber and I combined a brief analysis of macroeconomic performance in the 1960s and 1970s with a “history of thought” approach to macro theories. We highlighted the changing balance between market and state in these theories. The various approaches were assessed based on their macroeconomic success and on a set of ethical guidelines for what citizens should expect from the macroeconomy. We then used the two-fold assessment as our guidepost in developing an alternative, “Post-Keynesian Institutionalism” (PKI). The alternative we proffered was designed to deliver greater macroeconomic success and to correspond more clearly to ethical norms.

That book appeared in the early years of the Reagan administration, whose policies ran in a very different direction—privileging market over state wherever possible and using individual wants as the sole ethical guide. We described this approach as “Conservative Economic Individualist” (CEI) (1983, chap. 4). In our *Beyond Reaganomics: A Further Inquiry into the Poverty of Economics* (Wilber and Jameson 1990), we used the framework to assess Reaganomics, or the policies of the Reagan administration. We concluded that the policies had failed both in terms of macroeconomic performance and in responding to ethical imperatives.<sup>1</sup>

Twenty years later we are living through a new version of Reaganomics, based on the exercise of political power with little homage paid to theoretical principles such as the “supply-side economics” of Reagan. Former vice-president Dick Cheney expressed it well in his comments to then secretary of treasury Paul O’Neill: “You know, Paul, Reagan proved deficits don’t matter. We won the midterm [congressional] elections ... [further tax cuts are] our due” (Entous 2004). The United States experienced a brief interregnum in the Clinton years, where small steps were taken to reverse the Reagan policies, for example, increasing taxes on the wealthy in 1993. Clinton delivered excellent macroeconomic performance and a renewed commitment to an important role for government in the economy. There was also somewhat greater responsiveness to the ethical dimensions of economic policy. George W. Bush’s two terms as president have

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<sup>1</sup> The set of PKI policies we suggested differ fundamentally from national policies implemented since 1990. This contrast gives a sobering sense of the ethical challenges that face policy makers as they attempt to undo the effects of CEI policies and chart a new, more effective course.

undone those steps, however; he picked up where the Reagan/Bush administrations left off and pushed the CEI program much further. George W. Bush left office with the economy in shambles, thus validating our earlier argument. The Obama administration is attempting to reverse course, away from the CEI policies and in a direction much more consistent with our PKI stance.

This chapter begins by recalling the earlier books' ethical guidelines, for which we relied on the work of Denis Goulet. The framework we used was based most directly on Goulet's *The Cruel Choice* (1971, 87–95). The underpinning of the CEI analysis is the attack on the state and the priority given to the private sector. I update the CEI attack on the state that Wilber and I described in our earlier work, indicating how it was extended to Latin America in the “Washington Consensus” (Williamson 1990) and how it has now become central to the push for globalization and “institutions for governance” (Kaufmann, Kraay, and Mastruzzi 2005). The economy that the Obama administration inherited in 2009 indicates that, if anything, we were too kind to the CEI policy prescriptions. The legacy of the Bush version of CEI economic policy was a recession that began officially at the end of 2007 and has continued into 2009, making it our longest post-World War II recession. In addition, most indicators of its severity lead to comparisons with the Great Depression of the 1930s, since the downturn has been more rapid and deeper than our other postwar downturns. Indeed, when I update our assessment of CEI policies and cast it in a more contemporary form, I must conclude that at the macroeconomic level, the United States at this point in time has many of the elements of a “failed state,” differing only in degree from other failed states. The failure of the state is an outgrowth of the conscious attack on the state that both Bush and Reagan macroeconomic policies incorporated. The challenge facing the Obama administration is to reverse CEI policies and to revive an economy that virtually ground to a halt in 2007 and 2008.

## **Economic Goals: Ethical Principles for Macroeconomics**

Wilber and I believe(d) that the economy is a human creation and that conscious human choice based on ethical principles should improve the economy's contribution to human welfare. We drew upon Denis Goulet's (1971) development ethics based on his cross-cultural studies of human aspirations. He concluded that there are three ethically mandated goals for an economy, as gleaned from the human experience across countries and across time:

1. Life-sustenance: peoples' needs for basic material goods must be satisfied. There are three types of goods: necessities such as food and drink; enhancement goods such as entertainment or household amenities; and luxury goods. The economy



must provide all of its members with basic necessities, and it should then provide enhancements before resources are committed to luxury goods.

2. Esteem and fellowship: the economy must encourage a sense of dignity and self-worth in its members and must encourage and support institutions that facilitate fellowship among its citizens, be this through the family or through civic organizations. This necessarily places a premium on equity within the society, for extreme inequity militates against fellowship and may lower the sense of dignity of many members of the society.
3. Freedom: individuals should be provided with the full range of choices that are compatible with being members of a functioning society. There are three realms where this goal comes into play: consumer sovereignty, the choice of goods that are purchased; worker sovereignty, the choice of the work that is undertaken; and citizen sovereignty, the choice of community and of institutions that mediate participation in the wider society.

These three goals provided the underlying standard that we adopted to assess the economic performance of the 1980s under Reaganomics. In addition, they guided our suggestions for policies that could move the economy in a positive PKI direction. They were central to our critique of the CEI theoretical perspective, particularly its attack on the state. The “state versus market” debate is a perennial; only the form of argument—the rhetoric—has changed since modern markets were lionized by Adam Smith. While the issue of the balance of market and state will always be a matter of dispute, we maintained that the antistate bias of the CEIs necessarily contradicted the ethical canons of life-sustenance, esteem/ fellowship, and freedom. That CEI attack on the state has continued and expanded since 1990.

The end result of this concerted assault on the state and its exercise of power has been to weaken the state in countries that adopted the policies proposed by CEIs. Even where countries have resisted and attempted to maintain a viable central government, the external pressures and reflected internal divisions have often undermined the viability of the state. The title of one recent article on South Korea captures this well: “From East Asian ‘Miracle’ to Neo-liberal ‘Mediocrity’” (Crotty and Lee 2006). The end result is a spectrum of states on the continuum of failuresuccess. For example, the failed states index lists Sudan as the most failed state of the 177 ranked and Norway as the most successful (Fund for Peace 2008). The United States ranks 161, suggesting elements of failure do exist. The next section updates the CEI antistate position we detailed in the earlier books.

## **The Contemporary Attack on the State**

The origin of the current crisis of the state was the free market ideology that became mainstream in the United States and Britain through the Reagan/Thatcher regimes

and was then transmitted to much of the rest of the world as the path to development.<sup>2</sup> The market, transnational corporations, and individualism constituted the new recipe for economic and political progress. State interference had to be stopped and its role limited to controlling inflation and maintaining stable international economic relations. The particular form of the argument under the Reagan administration did have an intellectual coherence, growing out of the poor economic performance of the 1970s. We described it as the following:

At the heart of CEI thought was the idea that New Deal-Keynesian policies had undermined the creativeness of the market economy by blunting incentives through high taxation, over-regulation, and excessively generous social welfare programs. They believed that by reducing these government activities and restoring incentives, the basis for future economic growth would be established. (Wilber and Jameson 1990, 94)

Both the Reagan administration in the United States and the Thatcherites in England were quite successful in reducing the role of government and implementing policies they espoused. The policy change was deepened further in the early 1980s by the monetarist stance of the Federal Reserve under Paul Volcker. He attempted to reduce discretionary monetary policy by targeting the growth of the money supply at rates that would bring about disinflation, presuming that the effects on GDP would be minimal. The monetarist experiment was disastrous and was abandoned after only a few years. The CEI program was no great success either. We documented the uneven and generally mediocre performance of the 1980s, and Peter Peterson summed it up in terms quite relevant to the current situation:

This is, quite simply, the dirty little secret of Reaganomics: behind the pleasurable observation that real U.S. consumption per worker has risen by \$3,100 over the current decade lies the unpleasant reality that only \$950 of this extra annual consumption has been paid for by the growth in what each of us produces; the other \$2,150 has been funded by cuts in domestic investment and by a widening river of foreign debt ... This is how we have managed to create a make-believe 1960s—a decade of “feeling good” and “having it all”—without the bother of producing a real one. (1987, 47–48)

This should have led to a movement away from the CEI package. On the contrary, the abysmal economic performance of Latin America and the pro-CEI influence of the United States, the World Bank, and the International Monetary Fund (IMF) expanded the range of application of CEI policies to other areas of the world, particularly Latin America. This was the next major step in the CEI program. Latin American economic performance was disastrous during the lost decade of the 1980s, when efforts were made to implement heterodox policies. The unwillingness of Latin American governments to adjust their economic policies during the oil price hikes of the 1970s had led to

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<sup>2</sup> In England the parallel program under Margaret Thatcher was termed “the enterprise culture.” An irony is that both of the programs were facilitated by the earlier and more radical free market reforms imposed by the authoritarian Pinochet government in power in Chile after 1973.

rapidly increasing international indebtedness, which was the proximate cause of this poor performance. However, rising real interest rates combined with the success of the United States in preventing Latin American debt defaults were important threads in the sad story. In any case, by the end of the decade, Latin American policy makers were anxious to find alternative policies that might be effective domestically and that would lessen the external pressures on domestic policy choices.

Enter the “Washington Consensus” (Williamson 1990), which built on the set of policies implemented by the CEIs in the United States and England and was widely adopted in Latin America and elsewhere. All elements of the policy package favored the market over the state, and nine of the ten points of the Consensus reforms pushed a reduced role for the state. Williamson (2000) claims that the only element of the Consensus that was antistate or “neoliberal” was the argument for privatization, and that elements of Reaganomics such as tax-slashing and monetarism were omitted because they had failed.<sup>3</sup>

Regardless of Williamson’s defense, the Consensus’s actual implementation in most of the countries of Latin America was quite neoliberal and antistate. “Liberalizing interest rates” was operationalized by freeing domestic capital markets and reducing regulation, with resultant bank crises in virtually all countries. “Fiscal discipline” meant reducing the size of the state and its range of operations, aside from military activities. “Liberalization of inward foreign direct investment” meant the denationalization of not only the state-owned industries but other sectors of the economy with heavy government involvement, for example, the banking system of Mexico. The end result was a concerted attack on the state, particularly in Latin America. Ha-Joon Chang (2003) describes it as the “unholy alliance” of neoclassical economics’ treatment of market failure with the Austrian-Libertarian belief that any intervention must be suppressed.

Given the quarter-century-long assault on the state, combined with the tremendous changes in the international system, it is hardly surprising that many states function less well than they did in previous decades. This has led to international concern with “failed states”—that is, states whose weakness could become destabilizing to the entire international system, either through their domestic turmoil or by exporting disorder. Concern with state failure combines neatly with suggestions that “second-generation” reforms have to be undertaken, given that the Washington Consensus first-generation reforms had been relatively unsuccessful. The new reforms are designed to seek improvements in institutions and in governance. While this ostensibly should strengthen the state, in point of fact it is simply another effort to make the state subservient to the market and the private sector.

There is an irony here since the attacks on the state from the 1980s on had shown scant regard for institutions, based as they were on an economic model of an ideal

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<sup>3</sup> The ethical failures of the Consensus paralleled the Reagan experience. They were brought into high relief by the work of Birdsall and de la Torre (2001), who modified the program to take the ethical dimensions of development into account and came up with a very different package. Their subtitle was “Economic Policies for Social Equity in Latin America.”

market economy. Indeed, the interest in institutions does not stray far from this market orientation. For example, the World Bank privileges “institutions for markets” and explicitly states that “the recognition of the crucial role of institutions, organizations, and political economy restrictions is not tantamount to a rejection of the neoclassical model” (IBRD 1998, xi).

The approach to governance represents another assault on the state, though in a more subtle form. The World Bank has developed six indicators of governance for 209 countries (Kauffmann et al. 2005).<sup>4</sup> However, “The data sources consist of surveys of firms and individuals, as well as assessments of commercial risk taking agencies, non-governmental organizations, and a number of multilateral aid agencies” (5). Thus, the state is assessed on its governance ability through the perceptions of external actors, many of whom naturally see a strong state as inimical to their interests. In other words, that state governs best that is most accommodating to the private sector. The attack continues! Reducing governance issues to the perceptions of external actors, most from the corporate sector, simply represents a new assault on the state in developing countries at a time when well-functioning developmental states are ever more important. Critics suggest that the governance focus is part of an effort to create a “global governance model” that finally and successfully marginalizes the state in developing countries (Oz^elik and Oz- veren 2006). This would be the final stage of globalization, which can be understood as the outcome of the CEI policies as they have been implemented in countries across the world.

The assault on the state that was successfully launched by the Reagan administration has continued and has evolved. Before leaving this update, I would like to mention a number of examples of actions by the George W. Bush regime that show that it took this assault even further and privileged the “market” (or the corporate sector) in extremis: VicePresident Dick Cheney’s energy policy task force was both secretive and dominated by energy companies and their representatives; the Environmental Protection Agency (EPA) continually violated its own policies on mercury emissions and smokestack gases in order to free corporations from government regulations; on numerous occasions the Food and Drug Administration (FDA) disregarded its scientific panels to favor the interests of pharmaceutical companies; and the Defense Department made no-bid contracts with major defense contractors almost the norm, despite the overwhelming evidence of mis- and malfeasance. Federal contracts rose from \$207 billion in 2000 to \$400 billion in 2006, and in 2005 only 48 percent were awarded by competitive bidding, down from 79 percent in 2001 (Shane and Nixon 2007).

We documented the failure of the Reagan economic policies much more extensively in our book (Wilber and Jameson 1990). Our conclusion on the CEI policies of the Reagan administration was that they failed the ethical canons of life-sustenance, self-

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<sup>4</sup> The indicators are voice and accountability; political instability and violence; government effectiveness; regulatory burden; rule of law; and control of corruption. They use 37 different sources from 31 different organizations and have 352 variables at the most disaggregated level.

esteem/fellowship, and freedom. The same conclusion is warranted for policies that have grown out of the extension and expansion of the CEI school since 1990. Their shortcomings are amplified because of the resultant state failure that is seen in so many areas of the world, and the same conclusion applies to the Bush administration policies in the United States, which were simply a more blatant imposition of the CEI model on the existing government structure.

The justification for the policies is that they will provide superior economic performance and that the benefits will “trickle down” to others in society. When we examined the economic performance of the Reagan administration (Wilber and Jameson 1990, chap. 5), we concluded that Reaganomics was a failure in that dimension as well. The next section will examine this question by updating the macroeconomic indicators that we used to assess Reaganomics’ macroeconomic performance. During the first six years of the Bush administration, the results of the contemporary neo-Reaganite policies appeared familiar: Bushonomics was at best mediocre on virtually every one of the indicators of economic performance. In its last two years, the extreme CEI nature of the Bush policies resulted in the drastic deterioration in economic performance, long-term effects of which may be to undermine the economic goals of the United States and to place exceptional stress on our ability to realize the ethical canons that should guide our policies. Let us first recall the measures Wilber and I used, noting their relation with the three ethical canons that guided our earlier work.

## Bushonomics: Performance Indicators

In *Beyond Reaganomics*, Wilber and I examined the U.S. macro economy toward the end of a decade of CEI policies. After the book appeared in 1990, the end of the Cold War along with the Clinton-New Democrat administrations provided some change in the country’s direction. One of Clinton’s expectations was for a “peace dividend” that would be gained by ending the Cold War, but he underestimated the power of the “military-industrial complex” to maintain military expenditures. The George W. Bush administration placed the country squarely back on the earlier path we termed “Reaganomics,” though in a more extreme version. Thus, this update can focus on the same macroeconomic indicators used in the earlier book, which allowed us to describe a “haunted prosperity.”<sup>5</sup> The PKI framework that we offer as an alternative to CEI

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<sup>5</sup> We also examined a number of indicators that were more favorable to Reaganomics: inflation, unemployment, economic growth, and productivity. Until 2007 the Bush administration’s economic performance was similar to Reagan’s: mediocre but not disastrous. Inflation remained low, though above the rate the Fed would like; unemployment and economic growth were uneven, though neither matched the performance under Clinton. The “misery index” (inflation plus unemployment rate) of the Bush administration already exceeded that of the Clinton years, though it remained better than that of George H. W. Bush and Ronald Reagan. Productivity growth was similarly unimpressive. After 2007, the bottom fell out of the economy.

analysis focuses on potential sources of instability that grow out of government policies, and the indicators examined relate to that concern.

1. *Macroeconomic imbalances—trade balance and fiscal deficit.* These are indicators that the private demands cannot be met with the existing resources. Thus, short-run interests dominate, leading in the long run to profound imbalances that will have to be addressed by restricting the resources available to the state.<sup>6</sup> These imbalances endanger life sustenance, especially given the set of Bush policies that generated them: unilateralism in dealing with exchange rates, which encouraged corporate relocation to low-wage areas such as China; tax cuts for the wealthy and for corporations; and increases in military expenditures designed to project U.S. power throughout the world.
2. *Saving and investment performance.* Long-term economic viability requires respectable rates of saving and investment as guarantees of future economic welfare. Failure in this regard suggests that short-run gains come at the long-run cost of economic performance. Low saving threatens life sustenance in the long run and is a reflection of the substitution of individual consumption for fellowship and connection. Low investment similarly undermines the possibilities of providing the means necessary for these human goals. Only residential construction investment increased uniformly, creating the bubble that burst beginning in 2007. Papadimitriou and Chilcote (2006) warned how these imbalances, including the heavy reliance on foreign saving, distorted the sectoral imbalances in the United States.
3. *Deterioration of infrastructure.* It is generally agreed that a well-developed and maintained infrastructure is essential for production and productivity. If the state is unable to maintain that infrastructure, the society's growth dynamics will be affected, and the possibility of major disruptions of production will become a reality. Deteriorating infrastructure reflects a distortion of citizen sovereignty and can be the result of the hollowing of community. "Bowling alone" (Putnam 1995) becomes the norm when infrastructure support for community and fellowship declines.
4. *Deindustrialization.* The modern state has played a guiding role in the process of industrialization and in the shift from agriculture to industry. The skills and productivity enhancements that come with industrial advance have always been part of the development process, even if there is a later shift to services. Production capacity has become a commodity, however, so there are few geographic boundaries on production. This globalization implies that a passive state will

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<sup>6</sup> This strategy is captured well by Bush confidant Grover Norquist: "My goal is to cut government in half in twenty-five years, to get it down to the size where we can drown it in the bathtub." Accessed August 10, 2006, from [http://www.brainyquote.com/quotes/authors/g/grover\\_norquist.html](http://www.brainyquote.com/quotes/authors/g/grover_norquist.html).

be unable to stop the loss of the industrial base of the country. The resultant change in the labor force reflects a loss of worker sovereignty. It may also affect life sustenance in the long run. On the other hand, it does force a broadening of the boundaries of “the economy” beyond national borders. Globalization seems to benefit at least some members of other economies, though growing inequality is its concomitant.

5. *Income distribution and poverty.* One of the roles the state has traditionally discharged is to ensure the welfare of the poor, in part by generating the necessary resources from the wealthier members of the society. Reaganomics retreated from this goal, suggesting that benefits would “trickle down” to the poor. Conversely, with regard to their supply-side program, they admitted that the opposite was their intent. Supply-side economics was a “Trojan-horse” for the wealthy, in the words of Office of Management and Budget (OMB) director David Stockman (Greider 1981). Deterioration in this indicator has the most direct link to loss of fellowship and potentially of self-esteem. Let us now examine the data on these measures of economic performance and their ethical implications.

## Bushonomics: Measures of CEI failure

I now turn to an examination of the data on these measures of economic performance and their ethical implications during the extreme CEI period: the 2001–2009 George W Bush administration.<sup>7</sup> We will present the indicators since 1990, both to provide continuity with our earlier treatment and to illustrate the contrast with the economic performance under Clintonomics’ tepid retreat from the CEI model during the 1990s.

### Macroeconomic Imbalances

First, let us examine macroeconomic imbalances in trade and on the fiscal side. In the new millennium, the extent that the United States is spending beyond its means is astounding.<sup>8</sup> The twin deficits of the 1980s have been repeated and exacerbated. Table 1 shows the continual deterioration in the balance of payments position of the United

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<sup>7</sup> There is a growing literature critiquing Bush’s economic policies, which are often termed “Bushonomics.” Two book-length critiques are Bernstein (2006) and Bartlett (2006). Bernstein’s stance is quite similar to ours and uses a very similar ethical perspective. Bartlett accuses the Bush administration of abandoning the principles of the Reagan administration, with detrimental economic effects. Galbraith (2006) provides a critique similar to ours in a set of contemporary essays.

<sup>8</sup> As with all statistics, the measurement and meaning issues can be disputed. No one disputes the historic magnitude of the trade or current account deficits, though some claim they are a sign of health since the rest of the world is financing them. The magnitude of the fiscal deficit has also reached historic proportions. However, the \$412 billion deficit of 2004 was only 3.6 percent of GDP, far below the 5.6 percent figure reached in 1983 under Reagan.

States from 1990 until the economy began to weaken in 2007. The deficit reached an astounding \$788 billion on current account in 2006, about 6 percent of GDP.

We (Wilber and Jameson 1990) made the case that the continuing and growing deficit was an indicator of failure; though the recession may improve the deficit in some measure, the imbalance is far from righted. This Bush-CEI legacy will eventually have to be addressed by the Obama administration.<sup>9</sup> Papadimitriou and Chilcote (2006) have documented the dimensions of the current failure and the potential instability it implies for the U.S. economy. The last year that the current account was in surplus was 1991, and this was an artifact of “coalition partners” paying the cost of the first Iraq war. The trade and current account deficits remained relatively stable until 1998, when they began to increase rapidly. Thus, the growing imbalance began in the Clinton years, but the deterioration increased in the Bush years, following the recession of 2001. There were a number of reasons for this increase in deficits, including differential international growth rates, export-led growth in Asia, and the dominant role of the dollar in world currency transactions. The main factor, however, was the unwillingness of the Bush administration to undertake a concerted effort to right imbalances, such as the Plaza Accord of 1985, which began a process of reversing the U.S. deficits. Our PKI analysis suggests that this imbalance is important, for we focus on the sources of instability that grow out of the unwillingness to allow government(s) to intervene to nudge their economies toward stability. Instead, the Bush administration talked up a “strong dollar” policy that allowed the deficit to grow and that avoided any uni- or multilateral intervention to deal with exchange rate imbalances. This has facilitated the Chinese boom, in particular its export boom, which was generated through an undervalued exchange rate; allowed increased consumption domestically by substituting foreign for domestic saving; and has served to hold measured inflation down through artificially cheap imports. One other contributing factor is the growing imbalance on military transactions. The increasingly negative numbers reflect increasing military transfers as the United States attempts to shore up its alliances and to carry out overseas military operations. This pattern also occurred in the 1980s, with a peace dividend cancelled and turned into a payment for empire building. The “National Defense” share of GDP has risen from 3.0 percent in 2001 to 5.0 percent in 2007. Although policy makers hope that the current account deficit can continue indefinitely, the experience of the 1980s indicates that it will have to be addressed at some point. Latin America’s “lost decade” of the 1980s shows how difficult such an adjustment can be. In any case, there is a clear parallel with the earlier failure of the Reagan regime.

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<sup>9</sup> The “Washington Consensus” Reaganomics expanded to the world obligated countries to have “a competitive exchange rate.” The United States does not have to abide by the same constraint, as indicated by the continuing current account deficits.



<i>Year or Quarter</i>	<i>Goods</i>	<i>Services</i>	<i>Balance on Goods and Ser- vices</i>	<i>Income Re- ceipts and Pay- ments</i>	<i>Unilateral Current Trans- fers, Net</i>	<i>Balance on Current Ac- count</i>				
<i>Balance Ex- ports Im- ports on Goods</i>	<i>Net Mili- tary Trans- actions</i>	<i>Net Travel and Trans- porta- tion</i>	<i>Other Ser- vices, Net</i>	<i>Receipts</i>	<i>Payments</i>	<i>Balance on In- come</i>				
1990	387,401- - 498,438 - 111,037	- 7,599	7,501	30,270	- 80,864	171,742- 143,192	- 28,550	- 26,654	- 78,968	
1991	414,083- - 491,020 - 76,937	- 5,275	16,560	34,516	- 31,136	149,214- 125,085	- 24,131	9,904	2,897	
1992	439,631- - 536,528 - 96,897	- 1,448	19,969	39,163	- 39,212	133,767- 109,532	- 24,235	- 35,100	- 50,078	
1993	456,943- - 589,394 - 132,451	1,383	19,714	41,040	- 70,311	136,057- 110,741	- 25,316	- 39,811	- 84,805	
1994	502,859- - 668,690 - 165,831	2,570	16,305	48,463	- 98,493	166,521- 149,375	- 17,146	- 40,265	- 121,612	
1995	575,204- - 749,374 - 174,170	4,600	21,772	51,414	- 96,384	210,244- 189,353	- 20,891	- 38,074	- 113,567	
1996	612,113- - 803,113 - 191,000	5,385	25,015	56,535	-337 104,065	226,129- 203,811	- 22,318	- 43,017	- 124,764	
1997	678,366- - 873,784	4,968	22,152	63,035	- 108,273	256,804- 244,195	- 12,609	- 45,062	- 140,726	

*Note:* In millions of dollars; quarterly data seasonally adjusted. Credits (+), debits (-).

<sup>a</sup> Adjusted from census data for differences in valuation, coverage, and timing; excludes military <sup>b</sup> Includes transfers of goods and services under U.S. military grant programs.

*Source:* Council of Economic Advisors (2006, table B-32).

The second deficit/imbalance, the fiscal deficit, shows a similar pattern of seemingly inexorable increase since the new millennium (see table 2). In contrast, the 1990s were a period of improvement because of the 1993 Clinton tax increases (mainly on the wealthy), the budget limitations that began in 1994–1995 in the Gingrich-led Congress, and the decade’s steady growth. This was an example of principle and policy resulting in positive economic performance. By the end of the Clinton administration, the Congressional Budget Office (CBO) was predicting a ten-year budget surplus of \$5.8 trillion dollars. That quickly dissipated, however, as Congress and the Bush administration adopted the crass strategy of cutting taxes, primarily for the wealthy, and targeting expenditures to their own political supporters and to the military. In doing so they violated the canons of ethics and created the largest fiscal deficit in history—\$412 billion in 2004. Economic growth in later years reduced the deficit, until it climbed again with the recession. By the end of the Bush years it was again approaching record magnitudes. The Obama administration’s decision to undertake Keynesian fiscal stimulus to confront the recession will certainly push the deficit to new records in its first few years, with the hope that recovery and growth will then reduce it. And, of course, the actual budget deficit is far higher, since it is masked by the surpluses in the social security trust system that will turn to deficits around 2020. The result is an ever-increasing federal debt: over \$10 trillion, or 70 percent of GDP. The amount held by the public—that is, not by government agencies—is close to 40 percent, and around 40 percent of that is held by foreigners. All of this suggests the magnitude of adjustments that will have to be made in the future. While the deficits caused by the tax cuts and increases in some categories of expenditures may have attenuated the recession of 2001 and provided somewhat higher growth, they were unable to stimulate the economy sufficiently to return the federal budget to its 2001 surplus in the foreseeable future; thus, the imbalance will increase as a result of the recession and potential instability will continue.

<i>Fiscal Year or Pe- riod (end of pe- riod)</i>	<i>Total</i>	<i>On- Budget</i>	<i>Off- Budget</i>	<i>Federal Debt</i>								
	<i>Addendum: Gross Do- mes- tic Prod- uct</i>											
	<i>Receipts</i>	<i>Outlays</i>	<i>Surplus or Deficit (-)</i>	<i>Receipts</i>	<i>Outlays</i>	<i>Surplus or Deficit (-)</i>	<i>Receipts</i>	<i>Outlays</i>	<i>Surplus or Fed- Deficit (-)</i>	<i>Gross Fed- eral</i>	<i>Held by the Pub- lic</i>	
1990	1,032.1	1,253.1	-221.0	750.4	1,028.1	-277.6	281.7	225.1	56.6	3,206.3	3,411.6	6,735.4
1991	1,055.1	1,324.3	-269.2	761.2	1,082.6	-321.4	293.9	241.7	52.2	3,598.2	2,689.0	5,935.1
1992	1,091.3	1,381.6	-290.3	788.9	1,129.3	-340.4	302.4	252.3	50.1	4,001.8	2,999.7	6,239.9
1993	1,154.5	1,409.5	-255.1	842.5	1,142.9	-300.4	311.9	266.6	45.3	4,351.0	3,248.4	6,575.5
1994	1,258.7	1,461.9	-203.2	923.7	1,182.5	-258.8	335.0	279.4	55.7	4,643.3	3,433.1	6,961.3
1995	1,351.9	1,515.9	-164.0	1,000.9	1,227.2	-226.4	351.1	288.7	62.4	4,920.6	3,604.4	7,325.8
1996	1,453.2	1,560.6	-107.4	1,085.7	1,259.7	-174.0	367.5	300.9	66.6	5,181.5	3,734.1	7,694.1
1997	1,579.4	1,601.3	-21.9	1,187.4	1,290.7	-103.2	392.0	310.6	81.4	5,369.2	3,772.3	8,182.4
1998	1,722.0	1,652.7	69.3	1,306.2	1,336.1	-29.9	415.8	316.6	99.2	5,478.2	3,721.1	8,627.9
1999	1,827.6	1,702.0	125.6	1,383.2	1,381.3	1.9	444.5	320.8	123.7	5,605.5	3,632.4	9,125.3
2000	2,025.5	1,789.2	236.2	1,544.9	1,458.5	86.4	480.6	330.8	149.8	5,628.7	3,409.8	8,709.8
2001	1,991.4	1,863.2	128.2	1,483.9	1,516.4	-32.4	507.5	346.8	160.7	5,769.9	3,319.6	10,057.9
2002	1,853.4	2,011.2	-157.8	1,338.1	1,655.5	-317.4	515.3	355.7	159.7	6,198.4	3,540.4	10,377.4
2003	1,782.5	2,160.1	-377.6	1,258.7	1,797.1	-538.4	523.8	363.0	160.8	6,760.0	3,913.4	10,808.6
2004	1,880.3	2,293.0	-412.7	1,345.5	1,913.5	-568.0	534.7	379.5	155.2	7,354.7	4,295.5	11,499.9
2005	2,153.9	2,472.2	-318.3	1,576.4	2,070.0	-493.6	577.5	402.2	175.3	7,905.3	4,592.2	12,237.9
2006	2,407.3	2,655.4	-248.2	1,798.9	2,233.4	-434.5	608.4	422.1	186.3	8,451.4	4,829.0	13,015.5
2007	2,568.2	2,730.2	-162.0	1,933.2	2,276.6	-343.5	635.1	453.6	181.5	8,950.7	5,035.1	13,670.9

*Note:* In billions of dollars and in fiscal years.

*Source:* Council of Economic Advisors (2006, table B-78).

One current understanding of this performance is that it characterizes a “failed state.” The failed state categorization adds another dimension to the critique that Wilber and I had made earlier. The indicators of failed states are the following: mounting demographic pressures; massive movement of refugees and internally displaced persons (IDPs); legacy of vengeance-seeking group grievance; chronic and sustained human flight; uneven economic development along group lines; sharp and/or severe economic decline; criminalization or delegitimization of the state; progressive deterioration of public services; widespread violation of human rights; security apparatus as “state within state”; rise of factionalized elites; intervention of other states or external actors. In failed state terms, the Bush policies had the effect of creating uneven economic development along group lines and allowing the progressive deterioration of public services, seen most clearly in the decimation of an entire city, New Orleans. While one should be careful not to push this too far, the case could be made that there has been a process of criminalization or delegitimization of the state, given the torture scandals and the low approval rating of Bush and his administration. In addition, the domestic spying scandals can be taken as indications of the president’s willingness to increase domestic suppression as the macroeconomic adjustments become necessary. The security apparatus has come to operate as a state within the state, which, in conjunction with the war on terror, has led to a pattern of widespread violation of human rights.

Based on this analysis, we can conclude that the United States has taken on important characteristics of a failed state. As the Latin American countries know, the international system can be quite draconian in forcing countries to reduce their government spending in situations of deficit. That the rest of the world has accommodated the U.S. imbalances by absorbing the dollar debt is a reflection of the international power vacuum after the dismantling of the Soviet Union and the willingness of the East Asian economies to hold dollar-denominated financial assets. This situation should not hide the failure of the U.S. state, however, and the likely future adjustments that will be required. The early actions of the Obama administration to expose domestic spying, to ban torture as a violation of human rights, and to move toward a less unilateral foreign policy can be seen as attempts to restore the viability of the state and confront the failures of the Bush administration. This will be a long process.

## **Saving and Investment Performance**

The second indicator of the failure of Reaganomics was the deterioration in the saving and investment performance of the United States. This is another reflection of the individualism-inspired overspending captured in the twin deficits. As can be seen

in table 3, both gross and net saving as a percent of gross national income (GNI) have fallen since 1998, after rising during the first portion of the Clinton administration.

*Gross Saving Net Saving*

<i>Year or Quar- ter</i>	<i>Total Gross Sav- ing</i>	<i>Total Net Sav- ing</i>	<i>Net pri- vate sav- ing</i>	<i>Net gov- ern- ment sav- ing</i>	<i>Consumption of Fixed Cap- ital</i>	<i>Net Dom- estic In- vest- ment</i>	<i>Gross Sav- ing as a Per- cent of Gross</i>	<i>Net Sav- ing as a Per- cent of Gross</i>				
<i>Total</i>	<i>Personal Sav- ing</i>	<i>Undistrib- uted Cor- po- rate Prof- its</i>	<i>Total</i>	<i>Federal</i>	<i>State and Lo- cal</i>							
1990	940.4	258.0	422.7	299.4	123.3	-	-	7.2	682.5	394.2	16.3	4.5
						164.8	172.0					
1991	964.1	238.2	456.1	324.2	131.9	-	-	-4.2	725.9	297.3	16.2	4.0
						217.9	213.7					
1992	948.2	196.3	493.0	366.0	142.7	-	-	.7	751.9	336.0	15.1	3.1
						296.7	297.4					
1993	962.4	186.0	458.6	284.0	168.1	-	-	.9	776.4	395.9	14.7	2.8
						272.6	273.5					
1994	1,070.7	237.1	438.9	249.5	171.8	-	-	10.5	833.7	484.7	15.4	3.4
						201.9	212.3					
1995	1,184.5	306.2	491.1	250.9	223.8	-	-	12.0	878.4	498.4	16.2	4.2
						184.9	197.0					
1996	1,291.3	373.0	489.0	228.4	256.9	-	-	25.8	918.1	567.1	16.6	4.8
						116.0	141.8					
1997	1,461.1	486.6	503.3	218.3	287.9	-	-	39.1	974.4	667.5	17.7	5.9
						16.7	55.8					
1998	1,598.7	568.6	477.8	276.8	201.7	90.8	38.8	52.0	1,030.7	741.3	18.2	6.5
1999	1,674.3	573.0	419.0	158.6	255.3	154.0	103.6	50.4	1,101.3	811.2	17.9	6.1
2000	1,770.5	582.7	343.3	168.5	174.8	239.4	189.5	50.0	1,187.8	852.1	17.7	5.8
2001	1,657.6	376.1	324.6	132.3	192.3	51.5	46.7	4.8	1,281.5	556.9	16.2	3.7
2002	1,489.1	197.1	479.2	184.7	294.5	-	-	-	1,292.0	634.4	14.2	1.9
						282.1	247.9	34.2				
2003	1,459.0	122.5	515.0	174.9	325.1	-	-	-	1,336.5	683.5	13.3	1.1
						392.5	372.1	20.4				
2004	1,618.1	182.0	551.1	181.7	384.4	-	-	1.5	1,436.1	825.3	13.8	1.5
						369.1	370.6					
2005	1,844.2	232.2	494.4	32.5	456.9	-	-	29.5	1,612.0	871.9	14.7	1.8
						262.2	291.7					
2006	2,038.5	414.5	569.5	70.7	497.5	-	-	46.2	1,623.9	1,023.1	15.2	3.1
						155.0	201.1					
2007	1,956.0	235.6	454.5	57.4	403.4	-	-	10.4	1,720.5	872.7	14.0	1.7
						218.9	229.3					

*Note:* In billions of dollars, except as noted; quarterly data at seasonally adjusted rates. *Source:* Council of Economic Advisors (2006, table B-32).

Net saving fell from 6.5 percent in 1998 to 1.7 percent in 2007, and gross saving fell from 18.2 to 14.0 percent over the same period. The deterioration continued in 2005–2006, and personal saving became negative in some quarters. The reversal of government saving (the budget surplus) by 2002 was a contributor to this decline. Only corporate saving grew in recent years, exceeding the 1990s levels by 2002, a reflection of the change in the functional distribution away from wages and toward profits. The end result of these changes was anemic net domestic investment, reversing its growth in the 1990s. As late as 2003, net investment was still lower than it had been in 1998. In failed state terms, this is likely to lead to sharp economic decline in the future and, in a perverse way, is the result of demographic pressures from an overconsuming population. This weakness is underlined because the investment was financed by foreign saving as represented by the current account deficit.

## **Deterioration of Infrastructure**

Our review of the third set of indicators, deteriorating infrastructure, must be more impressionistic. The example of the levees in New Orleans is certainly a prime example of infrastructure deterioration. The Water Infrastructure Network (2000) estimates that there will be a deficit of \$460 billion over the next twenty years just in maintaining the nation's water infrastructure. In addition, further reductions in expenditure on clean water were proposed in the Bush budget (the Obama stimulus program has reversed cuts in the budget). This situation fits the failed state profile of progressive deterioration of public services.

Further evidence comes from the American Society for Civil Engineers' (ASCE) *Report Card for America's Infrastructure* (2005). They grade the U.S. infrastructure as a "D" and estimate that \$1.6 trillion is needed to upgrade it to acceptable levels over a five-year period. In 2001, the grade was "D+" and the upgrade cost was a mere \$1.3 trillion. Their aggregate estimates may evoke some skepticism; however, the direction of change since 2001 is clear, and there is no reason to suspect that it reflects a newfound bias in their estimates.

## **Deindustrialization**

The deindustrialization issue at this point in time is a reflection of the outsourcing of production and services, as well as the relocation and displacement of industrial plants for production in lower-wage countries such as China. For example, Scott (2005) estimated that China's growing trade surplus led to a net job loss in the United States of 1,452,000 jobs between 1989 and 2003. Scott and Ratner (2005) estimated a net loss of 1,015,000 jobs in the first ten years of the North American Free Trade Agreement

(NAFTA). Groshen, Hobijn, and McConnell (2005) found that the net job loss is “only” 2.4 percent of U.S. employment in 2003, which seems small until one realizes that it represents 3.6 million jobs lost to the current process of “deindustrialization.” The bankruptcy of Chrysler, with operational control passing to Fiat, is a palpable example, as is the travail of General Motors, formerly the largest auto producer in the world.

## Income Distribution and Poverty

The final indicator Wilber and I used was the deterioration in income distribution and the increase in poverty. All of the data document deteriorating performance in these areas under the CEI policies of the Bush administration. Poverty rates have risen from 11.3 percent in 2000 to 12.7 percent in 2004—that is, 37.0 million persons compared with 31.6 million in 2000. The number continued to rise through 2007, though the rate fell to 12.5 percent. The recession has certainly increased both the number and the rate of poverty. Table 4 shows the shift in the shares of income groups among quintiles, with a continual decline in the lowest and increases in the highest income groups since 1970. This process of redistribution began in the 1970s and accelerated in the 1980s, as knowledge of the CEI program would lead one to expect. While the shares of the lower 60 percent stabilized during the Clinton years, the redistribution that marked Reaganomics continued under the Bush administration. All quintiles below the top have seen their shares fall since 2002, and, with the exception of the fourth quintile, they have fallen very dramatically since 1998. Even these measured shifts underestimate the full shift in shares since there has been a series of tax reductions since 2001. It is estimated that the top 1 percent of income receivers gained 53 percent of the total tax cuts (Citizens for Tax Justice 2003).

Table 4 understates the recent changes in the concentration of income and wealth. For example, the functional distribution of income has shifted heavily in favor of profits and away from wages. Table 5 documents this shift. Between 1980 and 2004, the share of wages declined by close to 4 percent, though it rose in 2005. The share of profits has increased by 5.6 percentage points, and proprietors’ income has increased by 2 percent. These are large shifts. Even mainstream economists such as Robert Gordon (Dew-Becker and Gordon 2006) have become concerned about why the increases in productivity have accrued primarily to corporations rather than to labor.

*Table 18.4.* Distribution of Family Income: Percent of Family Income Received by Quintiles



	<i>1960</i>	<i>1970</i>	<i>1980</i>	<i>1994</i>	<i>1998</i>	<i>2002</i>	<i>2005</i>	<i>Upper Limit, 2005</i>
Lo 5 <sup>th</sup>	4.8%	5.4%	5.0%	4.2%	4.2%	3.5%	3.4%	\$19,178
2 <sup>nd</sup>	12.2%	12.2%	11.6%	10.0%	9.9%	8.8%	8.6%	
Mid	17.8%	17.7%	17.6%	15.7%	15.7%	14.8%	14.6%	
4 <sup>th</sup>	24.0%	23.8%	24.4%	23.3%	23.0%	23.3%	23.0%	\$91,705
Hi 5 <sup>th</sup>	41.3%	40.9%	41.1%	46.9%	47.3%	49.7%	50.4%	\$126,090 (lower)
Hi 5%	15.9%	15.6%	14.6%	20.1%	20.7%	21.7%		
Top			\$111,337	\$134,947	\$148,406	\$150,002		
5%						\$166,000		

*Source:* Bureau of the Census (n.d., Series P60-189).

In any case, these changes indicate the tight relation of the corporate sector with the state and the willingness of the state to use political power for the benefit of the top income earners. In failed state terms, these are indicators of uneven economic development along group lines. These developments are beginning to cause fractionalized elites as the defense and energy sectors, which have been favored, take an ever greater share of the economic pie.

Thus, with respect to the indicators suggested in Wilber and Jameson (1990) and many of the failed state indicators, the United States under George W. Bush performed poorly. Bushonomics was a failure in terms of what the economy should provide to its citizens. It was also a failure in creating a well-functioning state that could confront the challenges of the modern state. Moreover and more importantly, the longterm prospect is for major disruption and adjustment until the imbalance

*Table 18.5.* Functional Distribution of Income, 1980–2005 (as percentage of total income)

<i>Income Type</i>	<i>1980</i>	<i>1990</i>	<i>1995</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
Employee Compensation	74.9	72.6	72.5	71.0	71.6	71.3	72.5
Proprietors Income	7.4	7.8	8.3	9.4	9.2	9.5	9.4
Rental Income	1.5	1.3	2.2	2	1.5	1.4	-0.1
Corporate Profits	7.5	8.2	10	10.6	11.7	12.4	13.1
Net Interest	8.7	10.1	7	6.9	6.0	5.4	5.0
TOTAL	100	100	100	100	100	100	100

<sup>a</sup> Percentages for 2005 reflect data available through the third quarter of that year. *Source:* Council of Economic Advisors (2006, table B-28).

between income/production and expenditure/absorption is righted. One cannot predict how the process will occur, but the dramatic steps taken in the first months of the Obama administration provide one model of how to address the failures of the CEI-Bush policies. Only time will tell whether they will succeed. Unfortunately, the capacity of the state to lead society in confronting these adjustments has been severely undercut by the concerted attack on the state beginning with Ronald Reagan. This makes the task of bringing the state back into the economic equation much more difficult. The PKI analysis should be an aid in this effort.

It is apparent that the world-wide attack on the state has largely succeeded but with many consequences unforeseen by its exponents. The vacuum created in many states has threatened not only the well-being of their citizens but of the world as a whole. People in these states have searched for new mechanisms to gain power and to substitute for the inadequacy of the current institutional arrangements. In addition, there is growing evidence that the powerful countries that have been the missionaries of this antistate gospel have been compromised and are beginning to face many of the same problems as the countries that have been termed “failed states.”

## Conclusions

Analysts in the United States have been active participants in the failed state and governance debates, in which they have located the source of the problems in the peripheral countries themselves. This allows preservation of the CEI economic model and becomes an argument in favor of deepening the policy impositions rather than changing them. The irony is that the decades-old attack on the state has now brought state failure home to the center, particularly to the United States. Bushonomics has been the carrier of the ideology and the representation of state failure. Noam Chomsky (2006) can credibly entitle his new book about the United States *Failed States* because it examines U.S. foreign policy and its relation to international law. He makes the case that the United States is now an outlaw state, endangering international order. More importantly, the case for state failure can be made on macroeconomic grounds as well, a much more fundamental problem for the United States.

This chapter traced the origins of the crisis of the state to the free market ideology that became mainstream in the United States and Britain through the Reagan/Thatcher regimes and was then transmitted to much of the rest of the world as the path to development. States in the periphery had to be limited to controlling inflation and maintaining stable international economic relations. The macroeconomic policies that were undertaken as a result of the CEI view, Reaganomics, ultimately were highly flawed and failed. Their greatest failure was in not satisfying the ethical canons for a well-functioning economy and society that were the concern of Denis Goulet. The

1990s saw some movement both toward better macro performance and toward a more acceptable ethical stance. Even that movement was partial at best, however, and the open-armed adoption of the globalization view of the world economy added a new set of complications to directing the economy in a positive direction.

The complete control of the levers of political power enjoyed by the Bush administration until 2007 removed remaining constraints on the CEI policy approach and has given us Bushonomics—and a repeat of the failures of Reaganomics. Their failure has gone further, however, toppling the U.S. and world economies into a deep and long-lasting recession. Bushonomics carried to the extreme the ideology of the market and the attack on the state. The resultant failure is also extreme, and its costs are yet to be assessed. Nonetheless, the ultimate failures are ethical failures in living up to the canons that Denis Goulet identified so clearly as the challenge of any society: life sustenance, esteem and fellowship, and freedom (Goulet 1971). Saul captures it well:

It was de Tocqueville in 1835 who said, “Can it be believed that the democracy which has overthrown the feudal system and vanquished kings will retreat before tradesmen and capitalists.” The equivalent retreat today would be before private sector technocrats, money market specialists, the dominant school of economists, and, of course, those public commentators who fit the role of adoring courtiers. (2005, 35)

This was the retreat led by the CEIs and their policies. The challenge today is to move in a PKI direction in analysis and in policy. This is the direction being taken by the Obama administration. We can only hope that it will result not only in better economic performances but in an economy that functions consistently with the ethical canons that Denis Goulet laid out for us some forty years ago.

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# 19. Building Social Capital in Postcommunist Romania: The New Horizons Foundation and Experiential Education

Roland Hoksbergen

It happened unexpectedly on a warm sunny June day in 2004. Standing before a celebratory group of parents, teachers and classmates gathered at an end-of-year event at Saint Sava High School in Bucharest, Roxana Iosif stepped forward to address the gathering. But instead of anticipated platitudes, her words turned serious. “We have been taught for four years that we don’t have the right to comment, to have other opinions than the one imposed upon us, that a lie is the best way to get a good life, that dishonesty may be a quality, that corruption does pay, that we can earn without working. We are taught that cheating at tests is better.” (Dimancescu 2004, 111)

Few people could have pinpointed one of Romania’s major development challenges more poignantly and credibly than Roxana did at her own graduation. Teachers and school officials were naturally taken aback, but nineteen of Roxana’s graduating peers stepped forward in support. Reactions varied. The principal recommended that she visit the school psychologist, while U.S. ambassador Michael Guest praised her courage, called her a future leader, and said that “such a unique act of courage redeemed my trust in the future of this country” (Dimancescu 2004, 111). Joining Roxana, her nineteen peers, and the U.S. ambassador are many others who identify corruption as one of the scourges of Romania. Corruption is the main reason that the European Union (EU) has repeatedly postponed Romania’s accession as a member state. Transparency International’s Corruption Perceptions Index for 2005 ranks Romania as among the more corrupt countries in Eastern and Western Europe. It is what makes political historian Tom Gallagher pessimistic about the future of participatory democracy in Romania.<sup>1</sup> Corruption is denounced by Romanians as well. In a recent assessment of the country’s development prospects, seven Romanian scholars studying at Harvard contend that corruption is Romania’s single major obstacle. Like Ambassador Guest,

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<sup>1</sup> Gallagher believes the corruption of political leaders, combined with the cultivated apathy of the citizens, has created a political environment ripe for the picking by a demagogic, nationalist, autocratic leader like Corneliu Vadim Tudor (Gallagher 2005, chap. 9, “A Messiah for Romania?”).

these authors are hopeful that the young, postcommunist generation will be able to overcome the corruption that many believe is a carryover from the communist era (Dimancescu 2004).

A postcommunist nation like Romania—one struggling with pervasive corruption—provides a challenging environment to apply, test, and perhaps extend some of Denis Goulet’s innovative contributions to development theory. Anticipating much of the contemporary conversation on the role of culture, the importance of social capital, and the ongoing significance attributed to participation and engagement, Goulet’s ideas about fostering an authentic development that arises out of the values of the people remain highly relevant to today’s efforts to understand and promote human development.<sup>2</sup> For Romania, the bar is high because efforts to promote authentic development must address the reality that Romanian values and institutions are still struggling for their own grounding and respectability in the postcommunist era. How can one build on local values that were intentionally destroyed? How does one promote real participation when social capital has been corrupted? Some hope that joining the European Union, and the boon to economic growth that is expected to follow, will resolve these questions. But for Goulet it was never good enough just to get the economy growing, for people also need self-esteem, freedom, and fulfillment in their search for meaning and purpose—what Goulet referred to as “transcendence.” How does one help people aspire to transcendence when for forty-five years transcendent meanings were denigrated and religious activities were harshly penalized and, at times, violently repressed? These are among the questions addressed in this study of contemporary Romania and one NGO, the New Horizons Foundation (NHF),<sup>3</sup> that is facing these issues head-on.

As an NGO, NHF is not among the world’s largest, oldest, or most well-known. What draws one’s attention to NHF, however, is that its explicit mission is to build social capital among the nation’s youth and, thus, prepare a new generation of leaders who can restore a culture of virtue, civic responsibility, and community. By explicitly targeting the development of social capital, NHF is blazing a new trail in development practice. While many development scholars and organizations consider social capital to be of utmost importance, I am aware of no other organization whose explicit mission is to build social capital, which Woolcock and Narayan define simply as “norms and net-

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<sup>2</sup> Recent books by such diverse development scholars as Amartya Sen (2000), Lawrence Harrison (2006), William Easterly (2006), Joseph Stiglitz (2002), Jagdish Bhagwati (2004), Jorge Santiso (2006), and John Kay (2004) all argue that authentic change must come from within and be associated with a long, slow process of evolutionary change. As ever, there is a chasm between recognizing the importance of authenticity and knowing how to achieve it on the ground.

<sup>3</sup> This chapter compares NHF’s philosophy and practices with some of Goulet’s main ideas about development; it should not be read as a standard program evaluation of NHF. Several outside evaluations of NHF have been done, including a study by Thorup and Kincade (2005). Thorup and Kincade were so positive about NHF that they recommended that organizations from other East European countries visit NHF and learn from it.

works that enable people to act collectively” (2006, 32–33).<sup>4</sup> As this chapter attempts to show, by undertaking this mission and working through the strategies of adventure education and service learning, NHF is indeed fostering an authentic development that recovers and builds on the positive values inherent in Romanian culture. Thus, it provides a real-world example of what authentic development work can actually look like in a postcommunist society.

## Denis Goulet and the Idea of Authentic Development

It was through life experience that Denis Goulet encountered the basic ethical problem of human development, a problem he styled “the cruel choice” (1971). As a young man Goulet lived among two nomadic tribes in Algeria as a participant observer, where he was confronted with an existential dilemma that seemed to allow these societies only two equally unacceptable options for the future. They could either hold onto their cherished traditions or they could modernize, but the cost of either choice was high. If they opted for modernization, then they would lose their culture, their language, their traditions, their religion, and their very identity. If they chose to keep their traditions, they were likely to remain materially poor, marginalized on the world scene, and powerless against the onslaught of modern technology, international political power, and economic globalization. Not willing to accept the inevitability of either of these options, Goulet embarked on a search for a third way, one that honors and respects the integrity of local cultures even as it also allows for the discretionary adoption and integration of modern technologies and ways of life.

Goulet referred to this third option as “authentic development,” defined as “the construction by a human society of its own history and destiny, its own universe of meanings” (Goulet 2000, 134). Like Chinua Achebe in *Things Fall Apart*, Goulet witnessed how the lives of people in culturally rich, but materially poor, societies were torn asunder as modernizing trends stripped them of control over their own futures. Goulet argued that if people were the authors of their own development rather than the objects of a development imposed from the outside, then they would be able to navigate successfully the path between the two extremes. By so defining authentic development, Goulet struck a resonant chord with postdevelopment scholars like Arturo Escobar (1994) and localization proponents like David Korten (2006). But Goulet was more than a localist and a relativist, for he believed that all societies, in their own existential contexts, strive for meaning and transcendence—not only for themselves but for all of humanity. In the numerous cultures, societies, and countries Goulet studied, he

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<sup>4</sup> In a thorough study of social capital and how the World Bank has integrated it into its thinking and its work, Woolcock and Narayan (2006) discuss a number of ways in which social capital is taken into account, but there is no mention of an organization whose explicit mission is to build social capital.



found in local efforts everywhere a striving for universal values and meaning as people pursue “the good life.” Among Goulet’s most respected and often-cited findings is his identification of three common values that he said “are goals sought by all individuals and societies: optimum *life-sustenance*, *esteem*, and *freedom*” (1995, 41; emphasis in the original).

For development to be authentic, these three values, or goals, must be kept in balance. Apparently oblivious to the need for esteem and freedom, the reigning paradigms in development overemphasize *lifesustenance* to the point that “having more”—measured as economic growth—is seen as the only truly significant development objective. Authentic development, on the other hand, is fundamentally holistic and systemic, for these three goals embed within them the importance of enriching not only the economic but also the “moral, cultural, spiritual, social and political” elements of life (Goulet 1981, 9). To achieve such balance, the fundamental moral agency of each person must be respected so that everyone, as individuals and as members of groups, can freely participate in the choices that define their path into the future. Authentic development thus arises from the engaged participation and collective decision making of the people themselves.

Goulet was very confident that people everywhere, granted such respect and freedom, would be able to construct an authentic development in the context of their own cultures, for he believed that every culture, through a mix of many different and competing values, was nevertheless endowed with “latent dynamisms” that will ultimately allow them to address their real-life problems with integrity and foresight. None of this means, however, that people the world over should simply be left to their own devices, which seems to be the counsel of postdevelopment scholars like Arturo Escobar. Instead, drawing in part on Catholic social teaching, Goulet emphasized such universal values as justice and the common good. As a student of cultures around the world, Goulet found recurring threads of justice and the common good in many religious traditions, all of which contain the basic value that the well-off should come to the aid of those less fortunate. He cited Christian church fathers like John Chrysostom and other spiritual leaders like Gandhi, both of whom argue that, in Gandhi’s words, “whenever I live in a situation where others are in need ... whether or not I am responsible for it, I have become a thief” (Goulet 1995, 58).

Having developed both the idea of authentic development and an ethical rationale for the concept of development assistance, Goulet must then address the question of how people can actually help each other in times of need. The dilemma is that helping others is so much easier said than done; it requires great wisdom, and there are many ways to do more harm than good.<sup>5</sup> In Goulet’s words, “love without disciplined intelligence is inefficient, naive, and in its bungling good intentions, catastrophic. And intelligence without love breeds a brutalizing technocracy that crushes people” (1995,

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<sup>5</sup> For a contemporary litany of the troubles development plans and workers can bring, see Easterly (2006).

193–94). In order for development aid to be both loving and intelligent, it must foster local processes that allow people freely to construct their own development.

If authentic development is so fundamentally experiential, then it is essential to find practices that really do facilitate it—that is why Goulet studied real development programs. Though he found examples of good development work, especially in movements like Sarvodaya Shramadana (Goulet 1981), he also found plenty about which to be concerned. Unfortunately, the world of development assistance is populated by what

Goulet called “one-eyed giants”—that is, development professionals who more often than not see local cultures and values not as legitimate in themselves but as instruments to be manipulated to serve their own Western views of what development should look like (1980). Instead of applying what Goulet called an “ethical rationality,” development workers instead work out of a technical rationality, one that sees people as objects, or instruments to be manipulated, rather than as subjects. Thus, the people themselves are marginalized in their own development and tend to respond by withdrawing rather than engaging. In the real world of development assistance, the power held by Western donors (financial, intellectual, and organizational) leads to domination much more readily than to facilitation. Even so, Western development models, inherently flawed because of their overemphasis on “having more,” are willfully imposed on societies unable to resist (1995, 184). “One-eyed giants” may have technical expertise and powerful interests behind them, but they lack an appreciation for and sensitivity to cultural diversity and the esteem and freedom every person needs and deserves.

Still, Goulet remained hopeful as he continually encouraged development practitioners to use both of their eyes. One way that organizations can work to facilitate an indigenous and locally owned authentic development is to build up local leaders, people who, according to Goulet, possess (1) “an intuitive grasp of the larger historical dimensions latent in local struggles,” (2) “the ability to reconcile multiple class alliances,” and (3) “moral and physical courage”; know (4) “how to communicate their own vision of possible success to less imaginative or less experienced masses”; have (5) “the ability to learn quickly from their mistakes”; and are (6) “committed in principle to eliciting from the powerless a creative and critical formulation of their hopes and needs.” Such leaders are able to facilitate dialogue in which a broad range of people can join the constructive process (1995, 190–91).

To summarize, effective development interventions

1. Introduce technical expertise, but not in a dominating way;
2. Respect local values and work to build on the latent dynamisms within the culture;
3. Foster esteem-building participation and ownership;
4. Foster the ability to work together in community;

5. Accept a holistic, but flexible, view of development; and
6. Build leadership for the future.

In today's world of development assistance, few if any organizations would contest these principles and goals, but the difficulty of really adhering to these principles is evidenced by a constant stream of books and reports arguing that the rhetoric and the reality do not match. Michael Edwards is one voice among many when he says that development organizations typically cut corners on such principles due to "short-termism, control orientation and standardization that have infected development work for a generation or more" (Edwards 1999, 86). This is why the work of NHF is worthy of study. NHF was formed in the crucible of experience and later informed by social capital and general development theory, especially the capabilities approach of development. As it continues to evolve, NHF's ideas and practices have allowed it to participate in a development that to all appearances is truly authentic.

## **Working in Romania: The Theory and Practice of NHF**

Since the 1989 coup that overthrew communist dictator Nicolae Ceaușescu, hundreds, even thousands, of well-meaning NGOs have come and gone in Romania. Throughout the 1990s they surged into Romania intent on helping the nation get a fresh start. Encountering the depth of Romanian corruption, and not seeing the measurable and rapid progress required by their donors, many of these NGOs lost hope and left. Di-mancescu (2004, 49) reports that of the over 27,000 NGOs listed in the Romania registry since 1989, only about 2,000 are still active. Hopes were initially high that the spread of civil society would usher in a new era of good governance and economic growth, but Gallagher tells us that by the year 2000 "civil society was reduced to a few NGOs which were only surrogate clubs for the frustrated" (2005, 248). Moreover, the Civic Alliance, the best known prodemocracy NGO, had been discredited by its own associations with corrupt officials (Gallagher 2005, 248).

One of the 2,000 NGOs currently active in Romania is NHF, which evolved from a 1990s backpacking trip epiphany of a visionary young married couple from the United States, Dana and Brandi Bates. As experienced leaders in adventure education, they hatched a plan to bring to Romania a high ropes course and other forms of adventure education; the plan came to fruition in 1999 with the inauguration of a summer program called Viata (Romanian for "life").<sup>6</sup> The program settled in the Jiu

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<sup>6</sup> Both Dana and Brandi Bates came with expertise in adventure education. Both had been instructors for many years, and Dana was full-time coordinator of adventure education at Gordon College in Massachusetts.

Valley, a storied coal mining area and a politically restive region during the last century. The valley lies amidst some of the most beautiful mountains in all of Europe, yet it is one of the poorest, most corrupt, and most socially stressed regions in all Romania.<sup>7</sup>

The patterns of life and prevailing social norms that developed in the valley have much to do with the synergies between coal mining and communism. During the communist era coal became a main source of energy; this, combined with the coal miner's status as a paragon of the working class in Romania, increased the importance of the mining industry and miners themselves. In 1977 the miners staged a strike for better working conditions, and Ceausescu found himself forced to accede to their demands. Ceausescu sought to regain control by bringing in additional mine workers from around the country, choosing those likely to cause division in the ranks of the unified miners. Consistent with communist practice and ideology throughout the Soviet Bloc, Ceausescu intentionally implemented strategies to keep people from cooperating with each other, such as conscripting people from all sectors of society to be informants to the state security organization, the Securitate. Housed in uniform concrete apartment blocks, denied any role in civic life, discouraged from religious involvement, and in constant fear of the Securitate, people learned to cope by withdrawing into ever-diminishing circles of trust and fellowship. Lying and stealing became a way of life in the struggle for survival.<sup>8</sup>

Once the communist era officially ended with the execution of the Ceausescus on Christmas day in 1989, the Jiu Valley coal industry began what became a precipitous decline, due in part to the low quality of the lignite coal. Though the miners continued to play a key disruptive role in the politics of the nation in the 1990s—especially when they followed the demagogic leadership of Miron Cozma, the leader of violent raids on Bucharest—there was no escaping the reality that the region was in economic freefall. First one mine closed, then another. In an industry that directly employed 40,000 workers in 1989, only about 18,000 people are employed today, and the World Bank has designated the area as severely disadvantaged. Hollowed out concrete hulks of former industrial plants line much of the main highway, and official unemployment is over 20 percent, though people in the valley say it is much higher. From 1992 to

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<sup>7</sup> Much of the information about NHF contained in this chapter was gathered during a three-week site visit to NHF headquarters in Lupeni, Romania, in May-June 2006. During that visit I reviewed internal program documents and the NHF website (<http://www.new-horizons.ro>), conducted over twenty formal interviews, and observed and/or participated in four IMPACT club meetings with four different clubs in Lupeni, Uricani, and Bucharest. The interviews were conducted with NHF leadership, program staff, advisory board members, IMPACT club members, and supporting partners from the Orthodox Church.

<sup>8</sup> Anthropologist David Kideckel has spent many years interacting with and studying the working classes of the Jiu Valley. He writes that the postsocialist transition for these workers has been especially difficult because as industrial workers in the socialist era they enjoyed a position of prominence and prestige. Now, however, they are workers in a declining industry in an increasingly forgotten valley of Romania, a reality that has resulted in many personal and social dysfunctions (Kideckel 2008).

2002 the population declined by about 9 percent (World Bank 2004, 13, 16). Owing to its turbulent past, the Jiu Valley has developed a reputation as a difficult place to do business, which many believe has driven away national and international investors. The communist-era holdover Social Democratic Party (Partidul Social Democrat, or PSD) remains strong in the area (in part by providing perks like free rent and heat to the remaining mine workers). Community organizations and civic life are minimal. Apathy and a spirit of hopelessness reign, especially among the older generations. The youth of the valley largely want to leave once they come of age, and many have already departed, often illegally, for EU countries where they can find work. Remittances play a significant role in the local economy.<sup>9</sup>

Much as it was with Denis Goulet and his participant observer experiences, living in the Jiu Valley helped the Bateses and other NHF/Viata leaders come to appreciate the depth and significance of the social, moral, economic, and governance breakdowns that defined life in the valley. Interpersonal trust was low, corruption was taken for granted, and there was little to no interest in contributing to community well-being. The Jiu Valley, like much of the rest of Romania, was suffering a severe shortage of social capital. How could people work together and act collectively if they did not trust each other? If people in the Jiu Valley were to take stock of their own values and begin a process of constructing authentic development, it would first be necessary to create environments in which people could build up a reasonable degree of interpersonal trust and civic commitment. Early attempts to organize youth were met with suspicion. Jiu Valley residents assumed that NHF was just another organization perpetrating some corrupt game on them or carrying out some other nefarious purpose. At one point the local newspaper carried a story accusing them of being a Libyan terrorist training camp. Early on, when NHF organized young people to clean up a river, a crowd gathered on the bridge, heckled them, and rained trash down on them. But NHF persisted.

Building on what quickly became a successful program in adventure education, NHF began intentionally to target the development of social capital. One of NHF's standard slogans is "Bonding for Bridging," a reference to the need to build tight bonds of trust within groups that then provide a secure platform from which to build relationships across groups and serve the broader community. As an education and leadership development strategy, adventure education has a built-in bias toward youth wherever it is used; with Romania's older generations so deeply scarred by communism, NHF believed its focus on youth was the right strategy at the right time. Moreover, it has enough intrinsic motivators (excitement and fun) to attract youth who might resist joining other organized youth activities.

Finding strong conceptual foundations in the social capital theories of people like Robert Putnam and Francis Fukuyama, and in the experiential education theories of

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<sup>9</sup> A 2009 *New York Times* article notes that a full third of Romania's active labor force has left the country to look for work elsewhere, mostly in western Europe. Remittances in 2008 were about \$10 billion (Bilefsky 2009).

John Dewey and Paulo Freire, NHF evolved in two main directions. Initially, the summer Viata program increased its emphasis on trust building, teamwork, and community building. Each summer up to five hundred young people, many from the Jiu Valley, participate in the program. Participants are encouraged to take leadership in their communities, to believe they can bring about change, and to take action. Graduates of the Viata program, which is only five days long, speak glowingly of the excitement and inspiration they feel during these few days, and NHF’s own research shows significant improvements in trust, teamwork, solidarity, and openness to cooperation.<sup>10</sup> It soon became evident, however, that Viata was not enough; once they came down from the mountain, both literally and figuratively, young people found themselves once again in home and community environments that undermined their learning and offered no obvious outlets for putting their training into practice. To address this need, NHF organized a number of what are now called IMPACT Clubs, which bring ten to twenty young people together twice a week, year round, to build social capital, engage in community service, and develop leadership for the future.

The name “IMPACT,” a Romanian acronym built on the principles of service learning, was chosen on a retreat of club leaders, both paid and volunteer. Coincidentally, due to the Latin origins of the words, it almost works in English too:

I —	<i>Implicare</i>	(Involvement)
M —	<i>Motivare</i>	(Motivation)
P —	<i>Participare</i>	(Participation)
A —	<i>Actiune</i>	(Action)
C —	<i>Comunitate</i>	(Community)
T —	<i>Tinar</i>	(Youth)

IMPACT meetings typically last for about two hours and are based on a simple three-part structure. The meetings begin with games, which are followed by an activity or a story that highlights the value of a personal or civic virtue. The third and longest component of the meeting is the training and planning for community service projects, of which each club might do from three to six per year, depending on their complexity. Each of these three components plays an intentional role in this experiential education model. According to the IMPACT Training Manual, the games play a major role in attracting youth to the clubs and are taken from the strategy of adventure education in order to promote “active group participation and an invitation towards greater community involvement.” Stories “serve as springboards for the teaching of the moral values” and “reinforce the sense that life makes sense,” an “essential ingredient for ethical behavior.” Finally, “the process of choosing, planning, and execution of community

<sup>10</sup> Current national director of NHF’s IMPACT clubs, Diana Certan, did some master’s level research on Viata’s impact on social capital. She used a survey instrument, asking questions before the week at Viata and then again at the close of the week. Questions were adapted from the World Values Survey (Cer- tan 2003, 6).

service projects is the cornerstone of every IMPACT club” (NHF n.d.),<sup>11</sup> an emphasis that draws support from Robert Putnam, who says “All our societies need more social capital ... and in my view the single most promising area of initiative is youth service” (Ford Foundation 2000, 9). As such, the purpose of service projects is more than the actual community service outcome; it is also the transformative influence the activity has on the participant herself. Diana Certan, national director of the IMPACT Clubs, says that the overall purpose of the clubs is “to develop moral values and social and vocational competencies among the youth in Romania so they feel empowered to act in their communities in the future.”<sup>12</sup> In addition to their developing social capital and their growing understanding of the importance of service, young people in the clubs also gain concrete skills in project management, computers, and communication.

An example from club life will help illuminate how the experiences contribute to the development of character, competency, and leadership. Ancuta Predan, an IMPACT leader who has been with NHF for five years, says that she and other IMPACT leaders are carefully instructed in methods to facilitate, not dominate, the group process. The club begins a project with a brainstorming session about community needs and how the club might address them. They discuss these ideas together, reach a decision in a highly participatory process, and then proceed with planning and implementation. Projects often require some local fundraising, which is usually achieved by soliciting assistance from business owners or other people in the community. Sometimes it involves writing a grant proposal and submitting it to an appropriate organization, like an NGO or the mayor’s office. For a recent project focused on domestic violence, Predan’s club wrote a proposal to an NGO in Bucharest, which contributed \$500 worth of informational videos, posters, and other materials. For the domestic violence campaign, the project culminated in a public program at which the club members informed community members through skits and other presentations about the reality of domestic violence, its causes, and how the community could address it. The presentation attracted an audience of eighty adults in the midst of a driving thunderstorm, and it was picked up by local television and other media, which reported on the activity at length. Club members were then interviewed on a half-hour TV news show. The program was so well received that the club made additional presentations in three other towns. Once the project is completed, the club evaluates the activity from beginning to end, holds a celebratory event, and begins preparing for its next project.

Even though the service projects themselves might not be the sole purpose of the clubs, their activities are nonetheless noteworthy. Newly formed clubs with relatively young people may begin with a simple project like a river clean up, which involves little more than the commitment to set aside a day to do it. As the club matures through experience, the youth are encouraged to take on more complex projects, such

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<sup>11</sup> The *IMPACT Service Manual* is a nineteen-chapter, evolving internal document that NHF uses to train its own staff.

<sup>12</sup> Interview with the author, June 6, 2006, Lupeni, Romania.

as installing speed bumps on a stretch of dangerous road. Such projects involve meeting with business leaders, writing to appropriate organizations, working through legal issues with various governmental offices, and getting the media involved. Some examples of activities from the past year include a public education campaign against corruption, putting up an outhouse and ecological information board at the entrance to the nearby national park, and a Christmas show for the community that highlighted the importance of community spirit.

IMPACT clubs began in the Jiu Valley in 2001, but in the last two years they have been spreading due to a partnership with Romania's Ministry of Education and the Orthodox Church. Under the agreement, local schools provide designated rooms for the clubs and teachers are encouraged to participate as volunteers. The Orthodox Church provides volunteer staff to the clubs and sees its involvement as an opportunity to influence the character formation of Romania's youth. There are now twenty-four IMPACT clubs in Romania, and NHF's goal is to have one in every high school in the country. NHF has a full-time staff of fifteen, which is complemented by the help of some seventy-five volunteer leaders. NHF is transitioning to a model in which its paid staff members train volunteer IMPACT leaders but do not lead the clubs themselves. Apart from the training received from the paid staff, the clubs themselves are financially self-sufficient.

## NHF and Authentic Development

Dana and Brandi Bates arrived in Romania with expertise in adventure education but with little knowledge of Romanian culture. The charge of "one-eyed giantism" does not apply in this case, however, in part because the strategy of experiential education is intentionally designed to foster grassroots participation, strengthen local leadership, and build participatory skills. It does not tell Romanians exactly what to do but enhances their capabilities to take charge of their own development. In addition, the program spread rapidly. Leaders in the first years of the adventure education program (Viata) were so enthusiastic that the program quickly caught on in Romania and triggered an unforced expansion into other forms of experiential education. Volunteers are springing up around the country to work in IMPACT clubs—and this in a country in which volunteerism is not a strong part of the culture.<sup>13</sup> The partnership with the Ministry of Education and the Orthodox Church is another indication of the model's acceptance by influential sectors of Romanian society. Drawing from a broad spectrum of Romanian society, the Bateses have cultivated a group of advisors who give freely of their time. One of these advisors, Matei Paun, a business leader and board member

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<sup>13</sup> It was a common theme in the interviews with NHF program staff that volunteerism fell into disrepute during the communist era because in those days people were "required to volunteer." The practice gave volunteerism a bad name and people were glad when the days of "volunteer labor" were over.



of the influential Romanian Think Tank, serves on the advisory board because of how impressed he has been by the excitement, the change of spirit, and the desire for involvement in the young people who participate in the program. Social capital theorist Gabriel Badescu, professor of political science at Babes Bolyai University in Cluj Napoca, serves on the board and has encouraged his students to do research on NHF, a contribution that helps NHF assess its programs. One former leader in the Viata program developed the first master's program in adventure education in Romania at the university in Timisoara. Remarkably, the spread effects of the program have not been motivated by financial incentives. Involvement in IMPACT clubs on the part of youth and leaders, participation on the board and in other advisory roles, and the partnerships are almost all voluntary. The only exception is the relatively small paid staff of NHF.

The paid staff themselves expresse strong commitment to the mission of NHF. For many this is because they participated in the Viata program and have themselves been changed as a result of their involvement with NHF. Salaries of paid staff are lower than those of the coal miners, but the staff assert they work for NHF because they love what they do and believe in it. One staff person says that through his involvement in the program, "I have grown right along with the kids," while another says "Viata and NHF have made me into a new person and I want to bring that to others too."<sup>14</sup>

Respecting local values is complex since for many years Romanian values and ways of life were subjected to the regimented, numbing, and ultimately dehumanizing influences of Ceausescu's autocratic rule. Where, then, does one find the latent dynamisms within the culture? NHF's answer is fourfold. First, a basic purpose of the focus on building social capital is to generate the character and the capacities among youth to work in community forums with the express purpose of discovering, or rediscovering, their common values and goals. Second, the stories used in IMPACT clubs include ones that highlight the nation's positive values and role models, like the story of Roxana's courage that opened this chapter. Third, in spite of the communist attack on organized religion, 85 percent of Romanians consider themselves members of the Orthodox Church, a tradition and an institution with a rich moral heritage. As part of their integration into Romanian culture, the Bateses have themselves joined the Orthodox Church, and NHF has embarked on an effort called "Leveraging Tradition" in partnership with the church.<sup>15</sup> Together, they are discovering and rediscovering the theological underpinnings in Orthodox Christianity for personal and social virtue, engagement in the life of the world, and community service. The Orthodox Church's emphasis on the relational aspects of the three persons of the Trinity and on human relations with God and with each other provides a powerful rationale for the promotion of social capital as well as a strong intrinsic motivation for people to care for each other and

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<sup>14</sup> Interview with Vali Popescu, NHF program staff, June, 7, 2006, Lu-peni, Romania; and Popescu Constantin, NHF program staff, June 1, 2006, Lupeni, Romania.

<sup>15</sup> See NHF's website for more information on this partnership with the Orthodox Church: [http://www.new-horizons.ro/about\\_us/tradition.asp](http://www.new-horizons.ro/about_us/tradition.asp) (accessed June 1, 2009).

work together for the common good.<sup>16</sup> Fourth, at various junctures in both Viata and IMPACT, youth are invited to identify values they want their group to honor and to covenant with each other to live up to these values and hold each other accountable. Covenants typically include values like honesty, trust, cooperation, teamwork, tolerance, caring, and service, all of which are reinforced in service learning activities.

A major aspect of human development is self-esteem, which grows when the young people embrace the responsibility of making their own decisions. Their sense of confidence and personal pride grows as they convert their decisions into action. Today in Romania, youth as a whole are disaffected and feel disenfranchised. A recent Romanian government study on the state of the nation's youth reports that young people in Romania face unemployment and a social, political, and economic system they do not trust (*Youth National Action Plan* 2003). In such a world, youth in Romania have very small circles of trust and exhibit a marked tendency toward individualism and selfishness. The report finds that altruism, compassion, sociability, and positive communication are weak and on the decline. This report is consistent with NHF's own assessment that "most of today's young people are cynical, hopeless, and seeking ways to leave Romania" (NHF n.d., 8–10).

To get young people involved, IMPACT clubs draw on the theories of adventure education and service learning to help create active and informed citizens. By engaging young people in addressing the problems that confront their communities, service learning works "to create circumstances in which youth are intrinsically motivated to reflect critically and to work together to improve their communities and the lives of people in them." It helps them "develop a deeper understanding of their world and themselves and an improved sense of purpose, justice, agency, and optimism" (Claus and Ogden 1999, 70). Within the IMPACT clubs, NHF works to create an environment in which young people can grow within the bonds of a nurturing and accepting social group that can then seek out ways in the community to build bridges to other groups and to foster the construction of bridges among various groups within their communities. In the process, young people are encouraged to care about and then to work toward the common good. Dana Bates says he never tires of reminding young people in Romania that "Community and trust are better than suspicion and apathy."<sup>17</sup> The IMPACT training manual emphasizes what it calls "Samaritan capital," which is the moral vision behind bridging capital. It encourages young people to care for the well-being of others, and in so doing to make the whole community better-off.

Though difficult to measure precisely, the enthusiasm of the young people in the IMPACT clubs is hard to mistake. They speak with obvious pride of their involvement

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<sup>16</sup> It is no small thing in terms of credibility with the Orthodox Church that Dana Bates is in a Ph.D. program to study the theology of Romania's foremost twentieth-century theologian, Dumitru Staniloae. In addition, the Romanian patriarch's office undertook a careful study of NHF's work and ended up strongly endorsing it. This study is one of the reasons behind the church's willingness to partner with NHF.

<sup>17</sup> Interview with Dana Bates, NHF founder and president, June 2, 2006, Lupeni, Romania.

and achievements in the community. There are plenty of young people who choose not to participate in IMPACT clubs, and there seems to be a strong correlation between young people who exhibit natural leadership skills and their involvement in IMPACT. As IMPACT leader Vali Popescu says, IMPACT does not work for young people unless they come “with a little bit of willing.” Before IMPACT clubs were present, leadership skills, willing commitment, and active involvement went largely untapped and uncultivated among youth.

## Process and/or Results: The Perennial Development Dilemma

For a half century, Denis Goulet promoted a development ethics that centers on engaged participation of people who, precisely because of their participation, can be relied on to ensure their own sustainable physical well-being and enjoy the esteem that derives from involvement and ownership. For many years, this message was regularly promulgated by a relatively few dissonant voices on the outskirts of the development enterprise.<sup>18</sup> Goulet was not unlike Jerry Maguire, in the movie of the same name, who, having given a stirring speech to his mercenary sports agency firm on how life is about more than money, is roundly applauded and then summarily fired and ostracized, only to be vindicated as the movie goes along. Goulet constantly reminded us that development is more about the human person than it is about technique and goal achievement. His views were applauded as ideals but fell victim to the practical, results-oriented world of “real” development work. For decades now, participation and ownership have been trumpeted while top-down development planning continues to be the norm. Yet today numerous and varied voices are carrying the message forward and showing more and more that the connection between process and results is a close one and not to be ignored.

Among the most influential of those voices is Amartya Sen, who, along with Martha Nussbaum and others, has gone a long way toward establishing the capabilities approach to development as an industry standard. On Sen’s view, development is understood as the “freedom to lead the kind of lives we have reason to value” (Sen 2000, 14). Development work must therefore focus on providing the means or capabilities for human development rather than identifying some target end and then finding the techniques for achieving it. Like Goulet, Sen emphasizes the process, confident that good process will lead to good conclusions.

As anthropologist Mary Douglas points out, excluding people from participation in the development process not only hinders their freedom and their esteem; it also renders them apathetic. If that happens, people disengage and withdraw, as happened in Romania, creating an almost insuperable challenge to development organizations.

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<sup>18</sup> Richard Jolly, Dudley Seers, and Robert Chambers come to mind.

Douglas argues that apathy is one of the worst antidevelopmental scourges to fall on a people, for it surrenders to the self-oriented interests of the powerful, tolerates corruption as an unassailable social illness, and generally leads people to hope for nothing more than marginalized and poverty-stricken lives (Douglas 2004). This is the environment in which NHF works as it tries to counter apathy by building up the spirit, social capital, leadership, and, ultimately, the constructive involvement of the country's youth.

Importantly, neither Goulet, nor Sen, nor Douglas, nor NHF have a vision for what society should ultimately look like, though they are confident in the ability of free people with strong value foundations and the necessary capacities to work things out for themselves. The centrality of engagement, involvement, and participation is a reoccurring theme. In a recent book that is largely a refutation of Jeffrey Sachs's ideas in *The End of Poverty* (2005), William Easterly attacks the notion of development planning from his perspective as a reformed World Bank planner (Easterly 2006). He traces the history of development assistance, showing how over and over again the plans of rich, educated, and powerful developed-country players overwhelm the true involvement of the poor.<sup>19</sup>

Though he does not use Goulet's terms, Easterly is referring to how the development establishment fixes its goals according to its own prerogatives, needs, and visions and then manipulates the world around it to meet those particular needs. In the process, the people themselves are lost or instrumentalized. They are no longer the authors of their own development but rather instruments in the hands of what Easterly terms "the Planners." Having been a planner for years himself, and having seen all the myriad ways in which development assistance fails, Easterly now focuses on how development assistance can support what he calls "the Searchers." These are people who "adapt to local conditions," employ

"trial and error experimentation," and believe that "only insiders have enough knowledge to find solutions, and that most solutions must be homegrown" (Easterly 2006, 6).

In Easterly's parlance, NHF is among "the Searchers," working to build the moral and social fiber and the leadership capabilities in young people so they can become the authors of their own development. Unlike "the Planners," NHF has no grand vision of exactly what people ought to achieve. Instead, by strengthening moral value, fostering the leadership potential of young Romanians, and nurturing the bonds of trust and the ability to work together for the common good, NHF is building up the social capital necessary for people collectively to address the development challenges ahead. As stated in NHF's training manual, "it is now clear that our standards for living (values) determine our standards of living (income). Only when the values of

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<sup>19</sup> This theme is also picked up in the postdevelopment-oriented tome on the "tyranny of participation," by Bill Cooke and Uma Kothari. The rhetoric of participation had worked its way into all the development literature and planning, they argue, but it really never came to anything beyond people being forced to go through the motions demanded by the aid enterprise (see Cooke and Kothari 2001).

respect, responsibility, and mutual cooperation are internalized and consistently acted upon— only then can Romania move from corruption to broad-based sustainable development” (NHF, n.d., 7). Adventure education and service learning among the youth are especially effective in Romania, but these strategies for youth development may also be effective elsewhere, especially where social divisions and lack of interpersonal trust are major obstacles to community cooperation. Searchers the world over should take notice.

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## 20. Mexico's Development Strategy Since 1983: Results and Challenges

Jaime Ros

Written in the midst of Mexico's 1982 economic crisis, Denis Goulet's book *Mexico: Development Strategies for the Future* (1983) advocated a pluralistic development model for the future of this country. By this he meant a development strategy that would combine four elements drawn from different development paradigms present in third world countries: (1) a concern for aggregate economic growth; (2) the redistribution of the economic and social fruits of growth; (3) an allocation of resources centered on satisfying the basic human needs of the country's poorest people; and (4) the promotion of cultural diversity by building on the foundations of tradition.

Mexico's elite and policy makers did not follow Goulet's advice. Rather, starting with the administration of Miguel de la Madrid in December 1982, and pursued consistently by the following three administrations, a Washington Consensus policy package was implemented, perhaps the best example of the "standardizing, homogenizing and reductionist strategy" that Goulet criticized in his book (1983, 109). The results of this strategy have been wanting in each of the four dimensions mentioned by Goulet. Aggregate economic growth since 1982 has severely slowed down compared to the historical record of the previous forty years. Between 1981 and 2005 Mexico's GDP per capita grew at an average rate of only 0.5 percent per year, which compares very unfavorably with the historical record of 3.2 percent per year over the period from 1940 to 1981. Even leaving aside the years from 1982 to 1989—which were characterized by highly adverse external shocks, acute macroeconomic instability, and a continuous transfer of resources abroad (to cover the foreign debt service) in the context of a severe external credit rationing—economic growth has been disappointing. Between 1989 and 2005 output per capita has expanded at an annual rate of 1.6 percent, and this in the context of strong volatility in the level of economic activity.

With regard to income distribution, the legacy of increased inequality of the 1980s—with the Gini coefficient increasing sharply between 1984 and 1989 (by 4 percentage points)—has not been fully reversed, and inequality remained higher in 2004 than in 1984. This high level of inequality, together with the slow rate of economic expansion, has kept poverty at a high level. While poverty rates (both extreme and moderate) tend to follow the cyclical patterns of the economy, the number of poor almost continuously increased since the early 1980s (Cortes et al. 2003). Even after the recovery of moderate growth, from 1992 to 2000, the number of poor increased by 4.7 million from 19.1 to

23.8 million. And, finally, lack of respect for cultural diversity may be seen at the roots of the Chiapas rebellion in January 1994.

This chapter reviews Mexico's development strategy, starting where Goulet ended his analysis in his book. It reviews the main market reforms undertaken in response to the 1980s crisis, discusses their results, and addresses the current challenges facing development policy makers in Mexico.<sup>1</sup>

## Adjustment and Reform

During the 1980s the Mexican economy was subject to two major external shocks: the 1982 debt crisis, which increased debt service and curtailed new external finance, and the 1986 oil price shock, which dramatically cut off a major part of the country's main source of foreign exchange and fiscal revenues. These external shocks brought to an end the long period of rapid economic expansion from 1940 to 1981.

By the early 1990s the foreign exchange and fiscal gaps that were opened by the debt crisis and the oil shock had been closed after a succession of orthodox and heterodox attempts at stabilization. In the meantime, a "great transformation" had been taking place, if we may appropriate the expression that Polanyi (1944) used to refer to events of a different scale. Indeed, the 1980s and early 1990s witnessed a complete overhaul of the development strategy that prevailed in Mexico during the postwar period; many policy makers viewed the 1982 debt crisis as the result of past development policies in which protectionism and heavy state intervention had played major roles. Thus, as in other Latin American countries—but sooner and faster than in most of them—the government in Mexico undertook a far-reaching program of economic reforms in different areas: trade policy reform, privatization of public enterprises, and foreign investment and capital account liberalization.

Balance of payments liberalization and the North American Free Trade Agreement (NAFTA) have closely integrated Mexico's economy with that of the United States, both in terms of trade and capital flows. Foreign participation in the economy has increased through direct investments in new plants, as well as mergers and acquisitions, following the elimination of restrictions on foreign ownership. State banks and public enterprises have, with few exceptions, been privatized. Privatization revenues, together with debt relief (under the 1989 Brady Plan) and fiscal adjustment, allowed the government to reduce its debt, as a proportion of GDP, to rather low levels by international standards. A market-oriented rural economy emerged following far-reaching changes in the land tenure system, price policies, and the privatization or elimination of state enterprises, which were replaced by a combination of subsidies and public programs. In sum, the massive reform process has given a larger economic role to the private sector, greater scope to market forces, and accelerated integration into the international

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<sup>1</sup> This discussion draws on Ros (2003, 2008) and Moreno-Brid and Ros (2004).



economy. In what follows I describe the main aspects of the reform process and assess their results.

## Trade Liberalization, Productivity, and Growth

Trade policy reform went through several stages. A first one (from early 1984 to mid-1985) witnessed a gradual liberalization of the import regime.

Direct import controls, which had been fully reestablished in mid-1981, were relaxed while the number and dispersion of tariffs fell. At the same time, a bilateral trade agreement was signed with the United States that reaffirmed the compromise with liberalization and promised the elimination of subsidies to exports; in exchange, Mexico obtained from the United States some of the advantages normally reserved to members of the General Agreement on Tariffs and Trade (GATT). As part of the devaluation cum fiscal adjustment package of July 1985, trade policy reform accelerated. The coverage of licenses was substantially reduced with the liberalization of direct controls affecting mainly intermediate and capital goods as well as, more selectively, some consumer goods. At the same time, to compensate for the elimination of licenses, tariff rates were increased while tariff dispersion was reduced again (Zabludovsky 1990). Trade liberalization accelerated again at the end of 1987 in the context of the Economic Solidarity Pact, the heterodox counterinflation program adopted at that time. Reforms abolished import licenses for a large portion of manufactured consumer products and considerably simplified the tariff system.

The culminating stage of the trade policy reform was linked to NAFTA. When negotiations on NAFTA started in 1990, Mexico was already one of the world's most open developing economies (OECD 1992). The end of the negotiations and the signing of the agreement in late 1992, with the treaty becoming effective in January 1994, were additional steps toward trade liberalization. Because more than two-thirds of its external trade was with the United States, NAFTA largely meant free trade for Mexico. Nonetheless, some trade restrictions were maintained in some sectors (equivalent to close to 7 percent of the value of imports). These sectors included agriculture, particularly in corn production (where it was feared that fast liberalization would lead to massive labor migration), oil refinery (due to sovereignty considerations), and the transportation equipment industry (where automobile enterprises had made investment decisions based on industrial programs that guaranteed protection in exchange for achieving trade balance-related performance targets).

The results of the trade policy reform are controversial. Let us look first at the static efficiency gains expected by classical trade theory.<sup>2</sup> One of the striking features of the Mexican transition toward a liberalized trade regime is the absence of massive

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<sup>2</sup> For a detailed discussion of resource reallocation processes, see Ros (1994a) and, in particular, Moreno-Brid (1988) for an analysis of a most important aspect of these processes: that is, the restructuring of the automobile industry and its role in the 1980s and 1990s manufacturing export boom.

reallocation processes, as revealed by the fact that current trends in the trade pattern and industrial structure are largely an extrapolation of the past. Beyond a few exceptions—such as the rapid expansion of labor-intensive *maquiladora* exports<sup>3</sup> in the 1990s—the reallocation processes have featured an extrapolation of past trends in the trade and industrial patterns marked by the increasing importance of heavy intermediate goods, consumer durables, and capital goods. The consequence of the nature of the microeconomic processes of resource reallocation and the lack of reversal in the direction of structural change in manufacturing is, however, that the classic efficiency gains expected from trade liberalization cannot be very large. For those expecting a large, painful but eventually greatly beneficial reallocation of resources in favor of traditional exportable goods, which are labor- and natural resource-intensive, the experience with trade liberalization to date must have been, in fact, very disappointing.

Two major factors explain these developments. First, and perhaps paradoxically, the adjustment to the debt crisis and declining terms of trade in the 1980s, and then later the adjustment to the 1994–1995 financial crisis, forced macroeconomic policy to provide unprecedented levels of “exchange rate protection,” which facilitated the adjustment of industrial firms to a more open economy. The second is simply Mexico’s successful import-substitution experience in the past and the advanced stage that intra-industry (and intrafirm) processes of specialization and trade had already reached by 1980, including those in the capitalintensive, large-scale manufacturing industries that have been partly responsible for the export boom of the last two decades. The industrial policy reforms of the late 1970s, especially in the automobile industry, gave a further impulse to those processes. The incentives provided later by a very competitive exchange rate and by the mid-1980s trade reforms thus fell on already fertile ground. The outstanding export performance of Mexico’s manufacturing is therefore, to a large degree, a legacy of the import-substitution period and highlights in a very real sense its success: it did indeed lead to an irreversible change in the economy’s structure of comparative advantages.

What were the dynamic effects of trade liberalization on productivity and growth performance?<sup>4</sup> In the economy as a whole, labor productivity has stagnated since the early 1980s (compared to a trend growth rate of the order of 4 percent per year between 1950 and 1973 [Moreno-Brid and Ros 2004]). At the same time, growth in manufacturing productivity shows a recovery in the post-trade liberalization period since 1985 compared to the first half of the decade. Although it is difficult to disentangle it from other effects, including those of privatizations, industrial policy, and a declining real exchange rate from 1988 to 1994, the contribution of trade liberalization to productivity growth appears to have been positive in a number of manufacturing industries, where it facilitated a greater degree of intra-industry (and intrafirm) spe-

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<sup>3</sup> “*Maquiladora* exports” refers to exports of the assembly industries located largely along the northern border.

<sup>4</sup> For a more detailed analysis, see Ros (1994a, 1995).

cialization or shook out less-efficient producers. The benefits of the greater penetration of imports in terms of productivity performance, however, become much more doubtful in other cases, which also show a rapid displacement of local producers resulting from increased exposure to foreign competition. Here, the result of import penetration has been a worsening of both output and productivity performance, whether compared to historical trends or to the period immediately preceding trade liberalization.

Thus, while liberalization in the fields of trade (and foreign investment) has resulted in fast export and labor productivity growth in a limited number of sectors, overall economic growth has remained problematic. GDP growth finally resumed at relatively fast rates from 1996 to 2000. It did so in an exceptionally favorable international environment, however, and the recovery turned out to be short-lived. The renewed appreciation of the *peso* eventually slowed down the export boom, and the recession of the U.S. economy starting in 2001 put an end to the short period of export-led growth. Since 2001 the economy has stagnated, and income per capita fell in 2001–2003. Rapid and sustained economic growth is yet to be seen.

This experience raises serious doubts about the ability of the current industrial structure to generate self-sustaining growth. The counterpart of the processes of intrafirm and intra-industry trade specialization is that many, if not most, exporting sectors and firms, while dynamic, lack domestic linkages, and a number of other industries have witnessed a “disintegration of linkages.”<sup>5</sup> Moreover, the increasing dominance of the *maquiladora* industry in export activities is a motive for concern.<sup>6</sup> The *maquiladora* industry is characterized by a low potential for productivity growth—the counterpart of its high capacity of employment absorption. As the real exchange rate has appreciated again in the recent past and dollar wages have increased, profit margins have declined in the face of low and stagnant labor productivity. This, together with the U.S. recession of 2001, put a brake on the expansion of production capacity and output in the *maquiladora* sector and led to a sharp decline in employment during the period from 2000 to 2002. In the absence of productivity growth, the *maquiladoras* constitute a sector that can only expand on the basis of low wages. Because of the tendency of wages to increase in other sectors along with productivity gains, the maintenance of the “internal competitiveness” of the *maquiladoras* (that is, their capacity to attract resources from the rest of the economy) would require a continuously undervalued currency.

Thus, the pattern of specialization followed by the Mexican economy has not been particularly dynamic in the sense that despite an outstanding export performance, exports have not been a vehicle for innovation and technological progress. Moreover, export dynamism appears to have been falling in recent years in the face of competition

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<sup>5</sup> Dussel (2000) illustrates this with a case study of the pharmaceutical industry, where the share of locally produced raw materials fell from around 80 percent in the late 1980s to around 20 percent in 1998.

<sup>6</sup> The share of *maquiladora* exports in total exports rose from 15 percent to 50 percent from the early 1980s to the early 2000s (INEGI; see [http:// www.inegi.org.mx](http://www.inegi.org.mx)).

from China and an overvalued real exchange rate. The Mexican economy is trapped, on the one hand by the loss of comparative advantages in labor intensive manufacturing to countries with lower labor costs and, on the other hand, by the inability to acquire comparative advantages in more human capital and technology intensive goods that are produced by countries with high incomes per capita. To this, one must add the inability to compete in dynamic economic activities in the domestic market—as reflected in the very high income elasticities of import demand—together with the disintegration of linkages that has accompanied the very fast growth of imports over time.

## Privatization and Economic Efficiency

The privatization of public enterprises went through two main stages. The first, from 1983 to 1989, involved the sale, transfer, or liquidation of small and medium enterprises that had been acquired or created by the state without much economic or social justification in the 1960s and 1970s. Their disappearance—beyond their numerical importance, which implied that from early 1983 to July 1990 the number of public enterprises fell from 1,155 to 310—did not have much of an effect on the economic weight of the public sector. Industrial firms represented around 40 percent of all public enterprises privatized in this first period, and as a result the government stopped participating in approximately twenty- two industrial activities.

The second stage of privatization began in early 1989 and had its major impact between late 1990 and mid-1992. It included the sale of enterprises and banks with assets far more valuable than those of the first stage. Privatization revenues amounted to some US\$22 billion between 1989 and 1992, and in 1991 and 1992, when the major privatizations took place, privatization revenues reached 3.3 percent of GDP in each year. The sale of Telmex, the telephone company, to a group of national and foreign investors in 1990–1991, and the sale of commercial banks to local financial groups in 1991–1992, constituted the bulk of revenues. Telmex alone represented nearly 30 percent, while the sale of eighteen banks contributed nearly 58 percent. Around two-thirds of 1991–1992 privatization revenues were used by the government to reduce its external debt as well as its internal debt with the Central Bank (with each entity receiving about half of this amount). The other third was used to reduce government internal debt with the private sector or to finance the financial deficit of the public sector (Ros 1994b).

In Mexico the case for greater selectivity in state participation in the economy, and, indeed, for disengagement by the state from a number of productive activities, has been based on macroeconomic arguments: a government with limited access to credit markets, pressing social needs to be met, and a private sector with ample financial resources abroad ready to be invested in previously state-dominated activities that do not have a high social priority. The case is certainly powerful, at least for macroeconomic reasons related to the special conditions of the 1980s. This reasoning has less

significance for the long-term growth potential of the economy, beyond the promise (which so far largely remains just that) of a considerable expansion in human capital investments made possible by the huge privatization revenues.

There is also, of course, the more traditional microeconomic case for privatization based on the notion that greater participation by the private sector will bring about improvements in the overall efficiency of investment. If the latter is a positive function of the share of private investment in overall investment, then part, if not all, of the fall in the overall rate of accumulation that has taken place since the 1980s could be compensated by a shift in the composition of investment. Indeed, there has been a dramatic shift in the composition of investment since the 1980s: the share of the private sector in total fixed investment rose from 56 percent in 1980–1981 to 76 percent ten years later, and then to about 84 percent since the late 1990s (Moreno-Brid and Ros 2004).

The first point to be made in addressing this issue is to recognize that the efficiency of overall investment does not depend only on its private/public sector composition but also on the rate of investment itself, which affects investment efficiency through its consequences on the age distribution and the structure of the capital stock (residential/ nonresidential, net investment/depreciation). Now, the shift in the private/public composition of investment was more a result of the absolute decline in the rate of public investment than of an absolute increase in private investment: as a fraction of GDP, in the early 1990s the latter was still at approximately the same levels as ten years earlier, and it was only 3 to 4 percentage points higher in 2001–2002 (Moreno-Brid and Ros 2004). Thus, if the share of private investment in overall investment increased, this was largely due to the collapse of public investment rates. Unless the productivity of public investment was actually negative—and nobody to my knowledge has argued this was indeed the case—the loss of growth potential resulting from the absolute fall in the overall rate of investment is bound to outweigh any gains brought about by the shift in its composition. The rise in the capital/output ratio since 1982 is fully consistent with this conclusion.

In addition, the relationship between the efficiency and the composition of overall investment is undoubtedly more complex than generally assumed. It is likely to have the shape of a Laffer curve, with low efficiency levels being consistent with both too high and too low shares of public investment. This is so because public investment itself, as much recent empirical research suggests,<sup>7</sup> positively affects the productivity of private investment, and thus at low levels of public investment further reductions can bring about losses rather than gains in overall efficiency. Given the sharp contraction of public investment during the 1980s, and the fact that the microeconomic efficiency gains and performance improvements of the newly privatized enterprises are yet to be seen in most cases, the question arises as to whether the economy moved to the wrong

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<sup>7</sup> See, in the literature on public capital, the studies by Aschauer (1989a, 1989b, 2000), Deno (1988), Munnell (1990), and Easterly and Rebelo (1993), among others.

side of the Laffer-type curve. In such circumstances, an increase in public investment in areas with high social returns and high positive externalities for the productivity of private investment is the best way to address the problem of investment efficiency.

## **Financial Liberalization, the Capital Surge, and the Financial Crisis**

Deregulation of foreign direct investment also began with the De La Madrid administration. The old 1973 foreign investment law had reserved certain economic activities to Mexicans and introduced as a general rule a maximum limit of 49 percent on foreign ownership of companies. Even though it was not until 1993 that the 1973 law stopped being the reference framework regulating foreign participation in the economy, the governments of Presidents De la Madrid and Salinas gradually started interpreting the law less restrictively. The most far-reaching change within this process was the decree of May 1989 that abolished all administrative regulations and resolutions and presented a very liberal interpretation of the 1973 law (Lustig 2002). The implicit goal of the new measures was to increase the share of foreign direct investment from 10 to 20 percent of the total investment level. The new law of 1993 incorporated the recent changes in regulations as well as NAFTA enactment in matters of national dealings with foreign capital. The 49 percent limit disappeared as a general rule, and the number of sectors with restrictions to foreign ownership was considerably reduced. The areas with limitations on foreign participation included financial institutions, newspapers, fishing and harbors (all with 49 percent maximum limits), and national air transportation and co-operatives (25 and 10 percent, respectively). The activities that remained restricted to foreign investment included radio and television (except for cable television), ground passenger transportation, tourism and cargo, credit unions and development banking, and the distribution of gasoline and liquid gas. The sectors reserved exclusively to the state included oil and basic petrochemicals, electricity and nuclear energy, telegraph and mail, and radioactive minerals. Several post-1993 changes have allowed greater participation of foreign capital in some of these activities.

The liberalization and opening of local financial markets began in 1988 with several measures that liberalized reserve requirements and interest rate ceilings, unified the free and controlled exchange rate, and eliminated the exchange controls that had been adopted during the 1982 crisis. The main measures allowing foreign portfolio investment in the domestic stock and money markets were adopted in 1989 and 1990. The decree of May 1989 liberalized the so-called neutral investment regime (introduced in 1986) to stimulate the entry of foreign investors into the Mexican stock market, and in late 1990 restrictions on the purchase of fixed interest government bonds by foreigners were eliminated.

If the efficiency and productivity effects of the market reforms have been unable to make up for the loss of growth potential, what about their effects on external capital inflows and the prospects for increasing the rate of accumulation by these means? Would the shift in the market/state balance bring about a permanently higher flow of external savings—significantly greater than historical rates—that would allow an increase in the rate of accumulation? Such was the optimistic outlook of many observers in the early 1990s, who believed Mexico—a model reformer and successful emerging market—would turn into a Latin American economic miracle. These optimistic expectations reached their peak when NAFTA was approved in 1993.

The market reforms and positive external shocks, such as the fall in foreign interest rates in the early 1990s, together with the beginning of the NAFTA negotiations contributed in three main ways to a capital surge from 1990 to 1993 (Ros 1994b). The first was the liberalization of domestic financial markets. The second was a drastic reduction in the country risk premium—an improved image of Mexico as a “good place to invest”—as a result of the 1989 debt relief agreement, the fall in international interest rates, and the repayment of foreign debt, which was financed by the large privatization revenues of 1991–1992. The third, which interacted with the reduction of country risk, was the real appreciation of the *peso* and the very high interest rates that prevailed in the initial stages of the anti-inflation program of late 1987.

The size and composition of capital inflows, which were heavily biased toward short-term portfolio investments, had three consequences for the economy. First, the continuous appreciation of the real exchange rate, which was taking place in the midst of a radical trade liberalization process, produced a profit squeeze in the tradable goods sectors of the economy, with negative consequences for investment in physical capital (Ros 2001). Second, as a result of the difficulties in intermediating the massive capital inflows, the allocation of resources was biased toward consumption rather than investment (Trigueros 1998) and reinforced a decline in the private savings rate. Also, the bias toward the production of nontradable goods in the allocation of bank credit, together with the real appreciation of the exchange rate, resulted in slow economic expansion. Third, increasing financial fragility, due to the concentration of the inflows in highly liquid assets, accompanied a progressive deterioration of the banking system balance sheets (Trigueros 1998).

These trends should have given rise to legitimate concern in the field of economic policy. They did not do so, however. By 1993 the current account deficit reached levels of the order of 6–7 percent of GDP, and by early 1994 the capital surge was over. Throughout 1994 the authorities financed the massive current account deficit through the depletion of international reserves. Clearly there was an incorrect diagnosis by the government of the causes of the macroeconomic disequilibria, as it was considered that the pressure on the reserves and the dilemmas facing policy makers were temporary and would be corrected without the need for depreciation of the exchange rate. Thus, no significant depreciation of the exchange rate was implemented, on the grounds that it would rekindle inflation and would give alarming signs to the market, augment

capital flight, and trigger a balance of payments crisis. That policy was slowly but steadily being perceived as unsustainable by investors in Mexico's capital and money markets, however. In the course of the year, monetary policy increased interest rates on treasury certificates and bonds and also had to allow for greater guarantees on the rates of return on government paper payable in local currency but tied to the nominal exchange rate with the U.S. dollar. In any case, the foreign exchange reserves kept being depleted, ultimately forcing the authorities to perceive that their macroeconomic policy was unsustainable. At the end of 1994, scarcely a year after NAFTA came into effect, the Mexican economy was in the midst of a financial crisis and on the brink of the worst recession since the Great Depression of the 1930s. Moreover, the country had been experiencing instability and political violence throughout 1994, starting with the armed revolt of the Zapatistas in January (on the same day that NAFTA came into effect).

The boom and bust cycle that culminated with the 1994–1995 banking crisis was a consequence, at least in part, of excessive reliance on financial deregulation and capital market liberalization (Clavijo and Bolt- vinik 2000; Lustig 2002; OECD 2002). The aftermath of that cycle was a bankrupt banking system whose bailout added some 20 percentage points of GDP to the public debt and left those households and firms—mostly small- and medium-sized enterprises with no access to foreign finance—virtually without access to bank credit. It is ironic that the banking sector returned to a situation of credit rationing characteristic of the era of financial repression that preceded the financial liberalization of the late 1980s. This situation has been an obstacle to faster growth and has also reinforced the dual structure of the productive sector.<sup>8</sup>

## Recent Growth and Investment Performance

After the decline of 6.2 percent in real GDP in 1995—the sharpest drop in more than fifty years—economic growth resumed in 1996–2000. Its expansion abruptly stopped in 2001–2002, however, and per capita GDP actually declined in real terms. Since then a moderate recovery has taken place at rates well below the historical norm. On average, since 1982 GDP per capita has expanded at a rate of 0.5 percent per year, which, as mentioned above, is much below the 3.2 percent of the previous forty years. By 2004 Mexico's GDP per capita was below one-third the level in high-income Organisation for Economic Co-operation and Development (OECD) countries after having reached a peak of 46 percent in 1981. Thus, rather than catching up with high-income countries, Mexico has been falling behind during the last twenty-five years.

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<sup>8</sup> Giugale, Lafourcade, and Nguyen (2001) and Dussel (2000) document how the credit decline affected large firms and small- and medium-sized enterprises differently and the large and increasing gap between the export performance of these two types of enterprises.



Crucial to the slowdown in Mexico's rate of economic expansion has been a weak investment performance.<sup>9</sup> The rate of capital accumulation fell from 6.1 percent per year in 1965–1979 to 3.8 percent per year in 1996–2003 (and it was only 3.4 percent for the whole period from 1980 to 2003) (Faal 2005). The failure of capital formation to grow at a fast pace—after the years of decline during the debt crisis—has deterred the expansion and modernization of productive capacity and simultaneously restricted the growth of aggregate demand.

The failure of investment rates to recover their predebt crisis levels should not be attributed to a sluggishness of foreign direct investment. The assumption that market-oriented reforms, and foreign direct investment (FDI) deregulation in particular, would attract large inflows of foreign investment has been validated by recent experience. The inflow of foreign direct investment increased from around US\$12 billion in 1991–1993 to over US\$46 billion in 2003–2005 (INEGI), while its share in total fixed investment soared from 6.7 percent in 1991–1993 to 11.8 percent in 2002–2004 (World Development Indicators).<sup>10</sup> The record is outstanding in the international context. According to Palma (2005), in the 1990s Mexico's manufacturing sector alone attracted twice as much FDI as the manufacturing sectors of Brazil, Argentina, and Chile combined.

Rather, the proximate determinant of the decline in the investment rate is the retreat of public investment. While total fixed investment fell by 2.4 percentage points as a percentage of GDP between 1970–1981 and 1990–2004, public investment actually fell by more (4.5 percentage points, or more than half as a percentage of GDP) (Ros 2008). Whether or not there are crowding-out or crowding-in effects of public investment on private investment is subject to controversy.<sup>11</sup> There is, however, consensus on the fact that, even if crowding-out effects exist, these are at best partial—that is, an increase in public investment increases total investment rather than displacing fully an equal amount of private investment. It follows that the decline in public investment is partly responsible for the fall in the overall investment rate and may even have had an adverse effect on private investment (if crowding-in effects predominate).

The fall in public investment has partly to do with privatizations but also with the type of fiscal adjustment followed after the debt crisis. As shown by Giugale et al. (2001), there is a close correlation since 1980 between fiscal deficit reductions and the fall in public investment (the correlation coefficient between the two turning out to be 0.82 between 1980 and 1997). Infrastructure investment, which has the largest potential to affect productivity growth, has suffered in this contraction. By the early 2000s Mexico was last, among the large Latin American economies, in infrastructure investment as a fraction of GDP, and this applied to both public and private investment (Calderon and Servén 2004). The fall in investment occurred in road construction,

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<sup>9</sup> For an extensive analysis of the performance of investment in Mexico's manufacturing sector after the reforms, see Moreno-Brid (1999).

<sup>10</sup> See <http://www.inegi.org.mx> and <http://www.worldbank.org/data/wdi> (accessed June 1, 2009).

<sup>11</sup> See, for opposing views, Lachler and Aschauer (1998), who find a partial crowding-out effect, and Ramirez (2004), who finds an important crowding-in effect.

water provision, and electricity. Only in the case of telecommunications was there a recovery of investment in the 1990s. Even in this case, however, today Mexico is lagging behind other Latin American countries such as Chile and Brazil, which were behind Mexico in 1980.

Why didn't domestic private investment fill the vacuum left by public investment? Part of the answer has to do with the fact that the private sector is often not well-suited to face the high fixed costs and long maturation periods of investments in infrastructure. But another part has to do with the reforms themselves, which had the explicit goal of eliminating all types of incentives, including measures to promote domestic investment both aggregate and in specific sectors. No attempt was made to orient domestic spending to investment as opposed to consumption expenditure. The elimination of sectoral incentives had an especially strong adverse impact on manufacturing investment, given that manufacturing had traditionally been the most favored sector under the previous development model, which was based on import-substitution and state-led industrialization. The adverse incentives, exacerbated by the intense and sudden competition from imports, reduced the manufacturing sector's relative rate of return, which in turn curbed investment.

The appreciation of the real exchange rate in 1988–1994 vis-a-vis the U.S. dollar and later in the period 2000–2005 further conspired against investment in manufacturing and more generally in tradable goods sectors. While real exchange-rate appreciation can encourage fixed investment in developing countries by lowering the relative prices of imported machinery and equipment, it also shifts relative prices in favor of non-tradable goods, reducing the profitability of the tradable goods sectors and inhibiting capital accumulation in these sectors. There is ample evidence (Ibarra 2008) that the profitability effect on investment is very significant in the Mexican case. The connection between investment in manufacturing and the real exchange rate is also revealed by the composition of foreign direct investment in alternative periods of undervaluation and overvaluation. As shown in Ros (2008), the periods of currency depreciation and undervaluation (1982–1990 and 1995–1999) were associated with a composition of foreign direct investment heavily biased toward the industrial sector (the overwhelming fraction of this investment being in manufacturing). By contrast, the periods of overvaluation (1991–1994 and 2000–2005) featured a composition of investment biased against manufacturing and in favor of nontradable goods sectors (commerce and services).

The lack of bank finance for productive activities is an additional factor that has been constraining investment in recent years. Indeed, Mexico's privatized commercial banking system, especially after the 1994–1995 financial crisis, has been unable to provide sufficient credit for productive purposes. Thus, with the exception of the few large conglomerates that have close ties with the international capital markets, the large majority of Mexican enterprises—especially the small and medium ones—have faced acute credit rationing.

In sum, I have argued here that the proximate determinant of Mexico's slow growth since the early 1980s is a reduced investment rate and that four factors are constraining investment: the low level of public investment (particularly in the area of infrastructure), the dismantlement of industrial policy during the reform period, an appreciated real exchange rate for most of the period since 1988, and the lack of banking finance. The first factor contributes directly to a slower rate of capital formation in the public sector and possibly also in the private sector. The second and third have affected private investment profitability, particularly in the manufacturing sector where increasing returns to scale and externalities are located, with deleterious effects on the process of economic development. The fourth has prevented the realization of potentially profitable investment projects.

## **State Reform, Social Disparities, and the Tasks of Development Policy**

The other side of market reform is the retreat of the state and its restructuring. By shrinking in size, there is a better chance that the state will be able to do a better job in its priority tasks—or so the argument goes. The mere fact that the state is smaller, however, does not necessarily mean that it will be more effective. The tax burden in Mexico continues to be extremely low by international standards (OECD 2002). At around 12 percent of GDP in the early 2000s, tax revenues were below those of Latin American countries with similar per capita income and well below those of OECD countries. As a result, the fiscal accounts continue to be highly vulnerable to changes in oil income, which still represents around one-third of total government revenues. Together with the loss of policy instruments and the reorientation of monetary policy from growth to purely stabilization objectives, as well as the volatility of external capital flows, this gives rise to a major macroeconomic problem, since it contributes to pro-cyclical macroeconomic policies that exacerbate the negative effects of shocks on economic activity.

Nor is the state necessarily more efficient. Despite (or perhaps because of) its massive character, Mexico's fiscal adjustment did not

encourage greater internal efficiency of the public sector. Fiscal adjustment was, by and large, achieved through deep cuts in public investment and the real salaries of public employees—hardly the best way for improving the efficiency of the state and its bureaucracy. Moreover, the retreat of the state has gone well beyond areas where the private sector has a comparative advantage. In fact, public infrastructure investment, as we have seen, has been the main victim of fiscal adjustment in the context of falling oil prices. As a result, public investment was barely 3 percent of GDP in 2001–2002, compared with 5 percent in 1994 and 10 percent in 1980–1981 (Moreno-Brid and Ros 2004). It is also clear that, despite some positive recent trends in social

spending, state disengagement has not served its main stated purpose: the expansion of social infrastructure. The main contribution of privatization revenues was to support stabilization efforts (very effectively, no doubt) by temporarily compensating for the fall in the inflation tax and strengthening the capital account of the balance of payments through the financial assets that the private sector had to bring back home in order to purchase the public enterprises on sale.

The implications of all this are more important than is generally acknowledged because the priority tasks of the state—social policy in particular—are today far more formidable than in the past. This is so for several reasons. There is, first, the legacy of increased inequality from the 1980s and the accumulated backlog of unmet social needs. Lustig (2002) shows that income inequality measured by the Gini concentration coefficient increased quite sharply from 1984 to 1989 (around 4 percentage points) and then fell from 1989 to 1994 (although remaining slightly above its 1984 level). Then, from 1994 to 2000, the OECD (2002) estimates show a slight increase in income inequality (the Gini rises from 47.7 to 48.1). From 2000 to 2004 Szekely (2005) estimates a decline in the Gini coefficient (from 48.1 to 46.0), but inequality remains higher than in 1984.

Persistent inequality and sluggish growth have prevented a sustained reduction in the poverty rate and have led to an increase in the number of poor. As shown in table 1, the poverty rate has followed the evolution of the business cycle, falling slightly during the expansion at the beginning of the 1990s, increasing sharply during the 1995 crisis and recession, and falling again during the relatively rapid growth between 1996 and 2000. Considering the period 1992–2000 as a whole, the poverty rate increases slightly at the national level as a consequence of a significant increase in rural poverty and despite a slight fall in urban poverty. The number of poor, as a result of the demographic expansion, increased by 4.7 million, from 19.1 million in 1992 to 23.8 million in 2000. Since 2000, Szekely's (2005) estimates show a decline in the poverty rate and the number of poor, but the number of poor remained higher in 2004 than twenty years earlier. Thus, in the face of slow growth in agriculture and the expansion of the urban informal sector, the recovery of social spending in the 1990s has not prevented an increase in the number of poor and a persistently high inequality in income distribution.

Secondly, there are at least two ways in which the present development pattern is exacerbating social disparities. The state's retreat from agriculture and the reform of the land tenure system may have brought private capital and prosperity to some rural areas, but they have also inadvertently tended to impoverish large masses of rural workers. There has been a clear difference between the behavior of the commercial sector producing exportable goods—which benefited from and responded positively to the reforms and NAFTA—and the *ejido* sector, which has not done so (imports grew rapidly, adversely affecting this sector, which largely produces importable goods). Today, this sector barely survives through increasing integration into off-farm activities, with about 40 percent of its income coming from nonfarm sources, including remit-

tances (Giugale et al. 2001). The overall stagnation of agricultural output and the persistence of rural poverty are related to the reforms themselves. The downward trend in real agricultural prices throughout the

*Table 20.1. Poverty Rates in Mexico, 1992–2000 (percentage of the total number of households)*

	<i>1992</i>	<i>1994</i>	<i>1996</i>	<i>1998</i>	<i>2000</i>
National	17.4	16.1	28.8	26.8	18.6
Urban	10.2	7.2	20.1	16.4	9.8
Rural	29.5	30.0	43.3	43.8	34.1

*Note:* Figures represent the percentage of households living in poverty. The poverty rate is based on a poverty line that considers as poor all those households whose income is insufficient to cover the minimum food requirements.

*Source:* Cortes et al. (2003).

1990s was strengthened by the removal of trade protection (and exchange rate overvaluation in the early part of the decade). The elimination of extension programs and technical assistance has affected a large proportion of small producers. The retreat of the state from distribution was followed by the domination of marketing channels by oligopolistic intermediaries who depressed the prices obtained by producers, affecting particularly the poorest areas. In the absence of competitive markets, and without proper consideration of the large regional diversity and income heterogeneity of the Mexican countryside, liberalization did not yield the expected benefits.

The benefits of a greater integration with the international economy, and with the United States in particular, are also being very unevenly distributed within the country. Greater integration—whether as a result of skill-biased technological change, as argued by Cragg and Epelbaum (1996) and Esquivel and Rodniguez-Lopez (2003), or of trade liberalization, as argued by Robbins (1996) and Hanson and Harrison (1999)<sup>12</sup>—has been accompanied by a substantial increase of the wage premium on skilled labor and a resulting relative decline in unskilled labor incomes, which is a major cause of persistent inequality in the distribution of personal incomes.

Regional inequalities are also increasing, in a reversal of earlier trends. As documented by Godmez (2000), Dussel (2000), and Chiquiar (2005), general regional trends from 1970 to 1985 pointed toward a deconcentration of economic activity (away from the main industrial centers in the metropolitan area of Mexico City, Nuevo Leon, and Jalisco) and convergence of income levels, with the poorest states growing faster than the richest ones (see figure 1). Since the mid-1980s, a process of divergence has been taking place—with the richest states growing faster than the poorest ones (see figure

<sup>12</sup> It is worth pointing out, as noted by Esquivel and Rodniguez-Lopez (2003), that the effects of technological change and trade liberalization cannot be clearly separated. The adoption of new technologies and productivity improvements are frequently the result of external competitive pressures associated with trade liberalization.

2)—especially as the northern states linked to export activities have been rapidly increasing their share in national income. By contrast, the relatively poor south (with the exception of Quintana Roo, which benefited from the expansion of tourism) has been lagging behind. These regional trends are clearly linked to the economy's structural changes, such as lagging cereal agriculture; the expanding export sectors of agro-industrial products, fruits, and vegetables; and the rapidly growing export-oriented manufacturing activities in the northern and central areas. Thus, today there is a tendency toward a deepening of regional disparities, especially between a prosperous

*Figure 20.1.* Growth Rate of GDP per capita (1970–1985) and (log of) GDP per capita in 1970

*Source:* Based on Chiquiar (2005).

*Figure 20.2.* Growth Rate of GDP per capita (1985–2001) and (log of) GDP per capita in 1985

(log of) GDP per capita in 1985

*Source:* Based on Chiquiar (2005).

*Table 20.2.* Economic and Social Indicators of the Southeast c. 2000 (in percentages)

	<i>Southeast</i>	<i>Rest of the Country</i>
Share of Total Population	23.0	77.0
Share of GDP	14.0	86.0
Share of Manufacturing	6.9	93.1
Rural Population <sup>a</sup>	43.5	19.9
Poverty Index <sup>b</sup>	36.0	17.6
Dwellings without Water	32.8	15.4
Dwellings without Electricity	15.2	7.2
Literacy	80.8	91.7
Population Not Speaking Spanish <sup>c</sup>	2.7	0.2

*Note:* The southeast comprises the states of Campeche, Chiapas, Guerrero, Oaxaca, Quintana Roo, Tabasco, Veracruz, and Yucatan.

<sup>a</sup> Population living in localities of less than 2,500 people.

<sup>b</sup> Foster-Greer-Thorbecke index.

<sup>c</sup> Population between 15 and 49 years old.

*Source:* Davila, Kessel, and Levy (2002).

north increasingly integrated with the U.S. economy and a poor and backward south plunged into agricultural stagnation. The economic and social backwardness of the southeast relative to the rest of the country is illustrated in table 2.

Finally, but no less importantly, by abandoning the trade and industrial policy instruments that worked successfully in the past without seeking effective replacements for them, current development strategy encourages the exploitation of present rather than potential comparative advantages. In the absence of an industrial policy, the basic task of development policy—the task of changing and enhancing the present endowment of resources and, over time, shifting the pattern of comparative advantages toward higher, value-added, and technology-intensive activities—now falls entirely upon social policies. A proportionate response to this challenge could improve the situation more than the application of an active industrial policy with little social policy, but the point is that the challenge itself is much bigger and the response remains to be seen. A less than proportionate response would lead to freezing the present stage of development—that is, getting stuck in the relatively unskilled and poorly paid activities that form part of the production processes of capital-intensive industries. This is a far from desirable prospect for a country that needs to grow fast in order to raise the living standards of its more than 100 million people.

## Concluding Remarks

All this leads us to the final and most important aspect of the overall reform process, regarding which I can only raise the following questions: Is the shift in the market/state balance a sign that, after having reduced economic backwardness through state-sponsored industrialization, the use of a different set of ideas would be more appropriate in the new stage—a change that would be the natural companion of the transition from Gerschenkronian to Schumpeterian entrepreneurship? Or is it still the case that “to break through the barriers of stagnation in a backward country, to ignite the imaginations of men, and to place their energies at the service of economic development, a stronger medicine is needed than the promise of better allocation of resources” (Gerschenkron 1952, 23)? Dealing with these questions falls outside the scope of this chapter, and of the wisdom of its author. But on the answers to them depend Mexico’s longer-term prospects for rapid economic development.

What can be said, however, is that the origin of the adjustment problems and the new problems created by the reform process are not being adequately perceived in current development policy. First, the notion that the crisis was brought about by the exhaustion of past development strategies should not be taken for granted, even though I would be very far from defending every single aspect of past development strategies. Second, the solution to the new obstacles may require more and better, rather than less, state participation in the economy. The source of these new problems must be sought in part in the retreat of the state in such areas as public infrastructure investment. But as a result of the shift in ideological climate, very little attention is being given to these problems and to what government policy can do about them, while at the same time too much is expected from the efficiency gains of market reforms. Is it the case

that, just as occurred in previous periods of stagnation of the Mexican economy, the real obstacles to economic development are being misperceived?

## Notes

The author is grateful to Amitava Dutt for comments on a previous version of this chapter.

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University of Notre Dame Press

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