

# BRAVE NEW WORLD OF ISSUES

## What Is a Christian to Make of Our Flat New World?

BY JAMES WALTERS AND DAVID KIM

In this essay, we will assess the current state of our world economy, examine the role of democratic capitalism, and argue that a realistic Christian goal is eradication of world poverty.

### A Simultaneously Flattening and Bulging World

Just seven years ago, at the turn of the twenty-first century, a new epoch began that will go down in history as a pivotal transition for humankind, says Pulitzer prize-winning author Thomas Friedman. Around the year 2000, a triple convergence occurred. It consisted of new players from the developing world, on a new digital platform, developing new processes for horizontal collaboration in our increasingly computerized world. This triple convergence now allows individuals unprecedented opportunity to effect world culture. There is no better example than the early October 2006 headlines about two Menlo Park, California, twentysomethings who created YouTube in their garage two years earlier and sold it to Google for 1.65 billion dollars.

In his latest book, *The World Is Flat*, Friedman argues that the recent advances in multimedia and digitized communication so empower individuals that failure to join the horizontal revolution is an invitation to be tromped by connected millions of people worldwide. Globalization 1.0 began in 1492 and extended until 1800, as increasingly strong countries dominated the world through their military might. Globalization's second phase gave precedence to the cor-

poration, whose business savvy and communication skills further shrunk and flattened the world. However, we have just entered Globalization 3.0, and sole individuals have unprecedented power to download knowledge, and now upload content that's instantly available to millions of people worldwide.

Maybe it's two youth from the San Francisco Bay Area today, but it could be a youth from India next year. America is falling behind in science education with the retirement of baby boomers who took up President John F. Kennedy's challenge to America to put a man on the moon. In our tiny, flattened world, Asia in particular is taking the lead. India has seven institutes of technology whose entrance requirements rival those of MIT and Cal Tech. Given the one billion-plus citizen pool, and the resulting meritocracy, it logically follows that Silicon Valley would prize India's technology graduates, and that one in four could end up in the United States. In our shrinking world of uploading, outsourcing, offshoring, and supply chaining, it's no wonder that 245,000 highly competent Indian telephonists serve Western needs, and that 89,000 MBA graduates per year are seeking to advance themselves.

The United States cannot assume that because it prides itself on creativity in its educational systems (compared to reputed "rote" repetition in Asia) it produces better scientists. Asked about this issue, Microsoft founder Bill Gates said: "I have never met the guy who doesn't know how to multiply who created software... Who has the most creative video games

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Adam Smith.

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in the world? Japan! I never met these 'rote people.'... You need to understand things in order to invent beyond them." Young Indians, Chinese, and Poles are not racing us to the bottom. "They are racing us to the top," comments Friedman (351).

Bangalore is the hub of the modern India, with 1.5 billion-dollar Infosys Technology leading the way; new homes, restaurants, and clubs dot the city. Yet only a few miles outside the city, a woman labors on the roads, breaking rocks by hand. Men plow dusty fields with oxen. This paradox underscores the moral and practical challenge of our mostly unflat world. One-fifth of that world is flattening, but the rest is as big and round as ever. The rift between flat and round is found not only *between* countries, but also *within* countries. Despite the 250 million Indians whose lives are dramatically improved, 800 million are left behind, much of the population is still illiterate, and the median income is only \$2.70 a day, reports Nobel prize-winning economist Joseph Stiglitz, in his *Making Globalization Work*.

The World Bank defines poverty as individuals who live on less than two dollars per day, and extreme poverty as those living on less than one dollar per day. Poverty has significantly increased in the developing world (excluding China), whereas during the last two decades some of the world has been getting dramatically flatter. The number of Africans in extreme poverty has almost doubled, from 164 million to 316 million. "Some 40 percent of the world's 6.5 billion people live in poverty (a number that is up 36 percent from 1981)," says Stiglitz (11, 42).

### Why Are the Poor Getting Poorer?

Why do sections of the globe deal with poverty and lack of development as differently as they do? Stiglitz, who formerly served as chief economist at the World

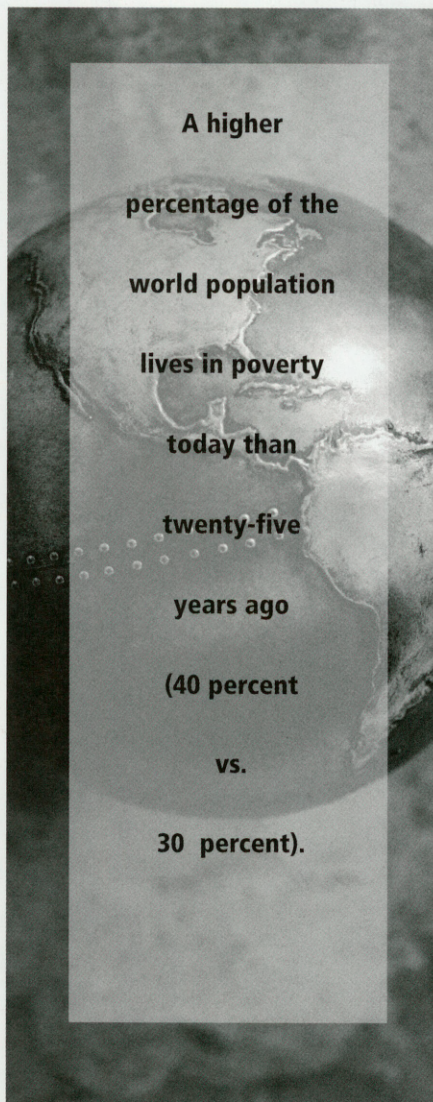
Bank and chairman of President Bill Clinton's Council of Economic Advisors, cites systemic inequities in world trade as being particularly influential. There is now a consensus among developed countries that the developing countries should be given a break in tariffs placed on their exports to the developed world. Yet despite this "preferential treatment," writes Stiglitz, "developed

country tariffs against imports from developing countries are...four times higher than tariffs against goods produced by other developed countries" (82).

Stiglitz cites the issue of farm subsidies as a glaring instance of how farmers in developed countries are artificially sustained, while farmers in the developing countries famish. Often subsidy programs are touted as helping family farms survive, but often in the United States the program is a form of corporate welfare. "Some 30,000 farms (1 percent of the total) receive almost 25 percent of the total amount spent, with an average of more than \$1 million per farm. Eighty-seven percent of the money goes to the top 20 percent of farmers, each of whom receives on average almost \$200,000.00," according to Stiglitz (86). The 2,440,184 farmers who are smallest, get only 13 percent of the total, less than 7,000 dollars each.

Stiglitz contrasts the American cotton farmer with one from Burkina Faso (one of Africa's poorest countries), whose income is twelve hundred dollars a year. "Some 25,000 very rich American cotton farmers get to divide \$3 billion to \$4 billion in subsidies among themselves, which encourages them to produce even more," writes Stiglitz. "The increased supply naturally depresses global prices, hurting some 10 million farmers in impoverished Burkina Faso and elsewhere in Africa" (85, 86).

Many on the political left blame large international corporations for much of the poverty in Burkina Faso and



worldwide (see, for instance, the documentaries, *The Corporation*, and *Wal-Mart: The High Cost of Low Prices*). There surely are notorious instances of corporate greed (for example, Nestlé's advocacy of infant formula over breast feeding in developing countries, and long-term lying by tobacco companies about their product).

These companies are very powerful, and current policies allow considerable latitude for executives to exercise almost unilateral decision making on major issues. Their political power is directly correlated to their wealth, and this is immense. In fact, a number of multinationals have larger budgets than most countries of the developing world. In 2004, General Motors had revenues of 191 billion dollars, which exceeded the GDP of some 150 countries. In 2005, Wal-Mart's revenues were more than 285 billion dollars, more than the GDP of sub-Saharan Africa.

With so much wealth, these companies are especially powerful in developing countries, where they employ thousands of citizens—directly or indirectly. If governments desire tighter regulations for their citizen employees, a multinational can often simply imply its plan to move operations elsewhere and the host country backs down.

In the early 1990s, globalization was met with euphoria; there was hope that it would bring unprecedented prosperity to all. From 1990 to 1996, capital flow into developing countries increased six-fold. The World Trade Organization was created in 1995, but by the time of the 1999 Seattle Round of trade negotiations, the media's coverage of riots showed the world the deep resentment that many common people had toward globalization. The World Commission on the Social Dimensions of Globalization, chaired by the presidents of Tanzania and Finland, in 2004 issued its report, which expressed concern that globalization might be creating rich countries with poor people. Stiglitz quotes from the report:

*The current process of globalization is generating unbalanced outcomes, both between and within countries. Wealth is being created, but too many countries and people are not sharing in its benefits. They also have little or no voice in shaping the process. Seen through the eyes of the vast majority of women and men, globalization has not met their simple and legitimate aspirations for decent jobs and a better future for their children. Many of*

*them live in the limbo of the informal economy without formal rights and in a swathe of poor countries that subsist precariously on the margins of the global economy. Even in economically successful countries some workers and communities have been adversely affected by globalization. Meanwhile the revolution in global communications heightens awareness of these disparities... [T]hese global imbalances are morally unacceptable and politically unsustainable. (8)*

Social consequences of globalization include its effects on world ecology. The drive of multinational corporations to be profitable has fostered contempt for natural and human resources. In her book, *In Search of the Good Life*, Rebecca Peters tells of studies showing that impoverished people groups, underprivileged classes, and less-developed countries have greater exposure risks to toxic wastes, deadly toxins, and other corporate pollution (115–16). In the era of multinational corporations, environmental and ecological damages are particularly significant in communities that are powerless to resist.

But there is at least mixed good news, and many would argue that the benefit of multinational corporations exceeds their sins, though we can do a much better job of minimizing their damaging impact. Consider multinationals' significant contributions to developing countries. According to Stiglitz, they (1) channel almost two hundred billion dollars each year in foreign direct investment; (2) transfer technology from advanced industrial countries; (3) help raise standards of living; (4) enable goods to reach markets in developed nations; and (5) bring jobs and economic growth (188).

Despite his alluring title, *The World Is Flat, A Brief History of the Twenty-first Century*, Friedman acknowledges that only patches of the world are flattening—North America, Europe, Japan, Australia, and hot spots in Asia. The rest of the world, mostly in the southern hemisphere, is more round than ever. A higher percentage of the world population lives in poverty today than twenty-five years ago (40 percent vs. 30 percent). Similarly, the percentage of those in extreme poverty (income of less than one dollar per day) increased 3 percent during that time.

This deeper impoverishment of the "round" world took place while selected portions of the planet became flatter—due at least in part to globalization. Of course,

correlation doesn't prove causation. However, globalization's promise for world betterment has not been realized. In the rising tide of global trade, the largest ships are riding higher while the smallest crafts are increasing-ly further below.

## The Tide of Globalization Can Raise All Ships

Globalization is a fact in our contemporary world, and it would be simplistic and unhelpful to pronounce it morally good or bad. The moral imperative is this: How can we transform globalization, with the skills and technologies that make it possible, to realize its potential for betterment of the whole world?

Such a vision is no mere pipe dream, at least if we take seriously Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations*—and most capitalists surely do, often as their bible. Adam Smith is often misunderstood. For example, Ronald J. Sider, in his *Rich Christians in an Age of Hunger: A Biblical Study*, asserts that "Smith argued that an invisible hand would guarantee the good of all if each person would pursue his or her own economic self-interest in the context of a competitive society" (114). Well, in Smith's monumental 903-page volume there is only one reference to an "invisible hand" that guides the market economy, and his work is much more nuanced than critics such as Sider or believers often understand.

Regarding his famous "invisible hand" reference in *The Wealth of Nations*, in a chapter titled "Restraints on Particular Imports," Smith discusses a businessman who prefers domestic rather than foreign trade.

*[H]e intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest*

*he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affect to trade for the public good. (423)*

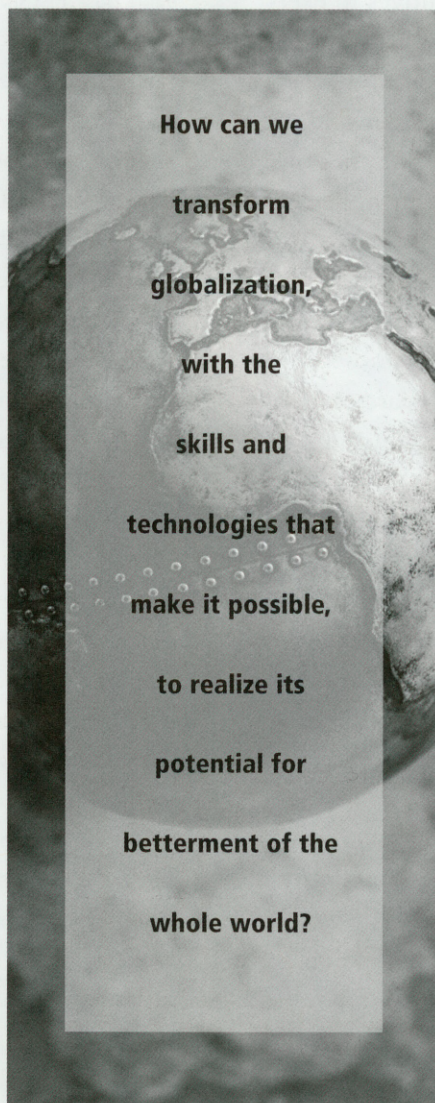
Smith saw himself laying out a system, an economic order, that was realistic about human nature in his recognition of the primacy of self-interest, and thus

designed to unleash personal creativity. By design, the self-interested throbbing heartbeat of capitalism would usually result in good social consequences—regardless of the trader's motive. Michael Novak, in his *The Spirit of Democratic Capitalism*, argues that Adam Smith, Thomas Jefferson, James Madison, and Montesquieu were leading founders of democratic capitalism and that they consciously devised a pluralistic, tripartite structure for the good of all citizens. The economic system was capitalistic, but this system was to be harnessed by a democratic political system, and by an emerging, vital moral-cultural system of universities, a free press, the church, and various independent associations.

Novak emphasizes that Smith envisioned a political capitalism that would benefit all nations. "He conceived of the abolition of famine, the raising up of the poor, and the banishment of material suffering from all humankind as an outcome morally to be approved of," comments Novak

(77). At a time when the developed world had an essentially mercantilist economy, it was Smith who most carefully articulated a system of sustained economic development over time based on the freedom of individuals to create and market their inventions with minimal intervention. In elaborating his economic views, Smith gave many illustrations of useful, commendable governmental regulation of free enterprise.

Novak's interpretation of Smith is reflected by Peters, who asserts that Smith saw the economic system as only



one element of human society steeped in moral sentiments; the capitalistic economy should be located within a moral framework. Problematically, modern capitalism has divorced economics from morality, seeing it as value free, thus allowing unchecked, self-interested wealth building. In turn, the drive to profit has fostered contempt for ecology and the environment.

### **Is Christianity Only about a Blessing for and Giving to the Poor?**

Reinhold Niebuhr, the father of Christian Realism and perhaps the most influential social theologian in the twentieth century, cut his theological teeth while serving parishioners who worked in Detroit factories. He was a socialist-leaning, left-wing Democrat who late in life addressed issues of self-interest and capitalism, and came to conclusions surprisingly similar to those of Adam Smith. In an essay titled "The Christian Faith and the Economic Life of Liberal Society," Niebuhr wrote the following words:

*It was the real achievement of classical economic liberalism to gain recognition of the doctrine that the system of mutual services that constitute the life of economic society could best be maintained by relying on "self-interest" of men rather than on their "benevolence" or on moral suasion, and by freeing economic activities from irrelevant and often unduly restrictive political controls. It released the "initiative" of men to exploit every possible opportunity for gain and thus to increase the resources of the whole of society, at first through the exploitation of commercial opportunities and subsequently through the endless development of technical and industrial power. (433)*

Niebuhr didn't flinch when dealing with the hardest sayings of Scripture that castigate the rich and powerful who exploit the poor. For example, a book of his titled *The Nature and Destiny of Man* cites the Old Testament prophet Amos (4:12; 6:4; and 8:4), who judges those "which oppress the poor, which crush the needy," and those who "lie upon beds of ivory, and stretch themselves upon their couches, and eat the lambs out of the flock," who "swallow up the needy, even to make the poor of the land to fail" (1:223). Niebuhr comments that the guilt of pride and injustice in the financially privileged is greater than that of the less privileged.

How might one reconcile these two seemingly contradictory aspects of Niebuhr's writings? We think that

Niebuhr, a realist and astute student of the Bible, history, and human experience, appreciated the cultural/scientific gulf between Bible times and our own.

Most ancient cultures were relatively content with the status quo. It made sense to view the poor as always with us because there was no practical way that life could be otherwise. The way to deal with the poor was simple: give them alms. A person belonged to one's family, community, tribe, and nation by mere fact of birth; Novak speaks of "primordial belonging."

Although individual initiative is the focus of market capitalism, the productive individual must be a part of various functional, value-embedded communities. "In this scheme," says Novak, "the individual is not atomic. Although the individual is an originating source of insight and choice, the fulfillment of the individual lies in a beloved community," he asserts. "Any community worthy of such love values the singularity and inviolability of each person. Without true individualism, there is no true community" (356).

Friedman extols the role that trust plays in our market economy. Wall Street couldn't operate without basic human trust; there is a happy coincidence between trust and honesty serving self-interest and the good of all.

*If you wanted to summarize the net effect of all these institutions, cultural norms, business practices, and legal systems, it can be reduced to one word: trust. They create and inspire a high level of trust—and a high level of trust is the most important feature any open society can possess. Trust in many ways, is the product of all the ingredients in America's secret sauce. (320)*

In human development from the Renaissance through the Enlightenment, careful thought was given to many aspects of life that had remained largely unchanged for millennia—means of book production, knowledge of the human body, views of the universe, and Adam Smith's careful examination of how material well-being can be systematically increased by nation states for the good of all.

We suggest that the realistic Christian, following Niebuhr's lead, can see our democratic capitalism for what it is: a system that is pragmatic about human self-interest and how it can be molded for world betterment.

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## FLAT NEW WORLD

Continued from page 39

Most Americans are not in radical disagreement with the way that their country handles free enterprise so that almost all citizens can benefit from the national economy. But with true globalization, they need to think about forms of global democracy. The John Birch Society advocates that the United States abandon the United Nations. However, logic suggests the need to strengthen greatly the UN for the good of global capitalism.

Smith saw that for the good of free enterprise, there needed to be certain government regulations—and, of course, in his day the only corporations he envisioned were strictly national. But today we have truly multinational corporations. For example, one could originate in Europe, choose to put its headquarters in New York City, and carry out production in a developing country. Therefore, we need to devise international democratic frameworks—if globalization is to thrive morally. Even, no *especially*, dispossessed people of the world need to feel that they are treated fairly and given voice in the shaping of policies that might affect them.

"Eventually, we should be working toward the creation of international legal frameworks and international courts," writes Stiglitz, "as necessary for the smooth functioning of the global economy as federal courts and national laws are for national economies" (207).

A global ethic is necessary to hold a global economy accountable. A nascent effort took place in 1993 with the meeting of the Council of the Parliament of the World's Religions, according to Hans Küng and Karl-Joseph Kuschel in their book, *A Global Ethic*. More than six thousand people from various religions met in Chicago to work out a Declaration Toward a Global Ethic. The council approved statements affirming: (1) collective responsibility for a better world; (2) commit-

ment to nonviolence and respect for life; (3) dedication to furthering a just economic order; and (4) agreement on the equality of all human beings (18–34).

Aside from national regulations, some multinationals are proactively setting their own ethical standards for worldwide business practices. For example, in late 2004, Hewlett-Packard, Dell, and IBM formed an alliance to

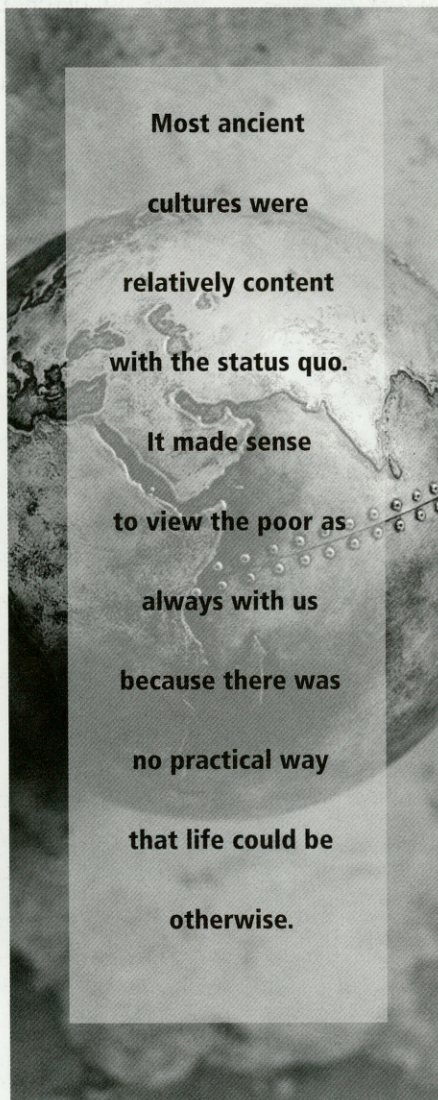
work with key members of their worldwide supply chains to enact a unified code of socially responsible manufacturing practices. The new Electronics Industry Code of Conduct includes rules on usage of wastewater, hazardous materials, pollutants; the reporting of industrial injuries; and bans on child labor, bribes, embezzlement, and extortion. Not surprisingly, Friedman claims that these corporations see value in their concern for values:

*"Customers care," says Debra Dunn, HP's vice president for global citizenship, and European customers lead the way in caring. And human rights groups and NGOs, who are gaining increasing global influence as trust in corporations declines, are basically saying, "You guys have the power here. You are global companies, you can set expectations that will influence environmental practices and human rights practices in emerging countries." (383)*

In calling for a realistic Christian approach to a fair globalization, we must not be naïve, and here we learn,

again, from Tom Friedman. In his *The World Is Flat*, he distinguishes between top-down (wholesale) reforms and bottom-up (retail) reforms in the developing world. Reducing tariffs, making loans readily available, enhancing educational opportunities are examples of wholesale reform, and Friedman agrees with Stiglitz that worldwide poverty is as widespread as ever—despite wholesale reforms.

What is missing is widespread retail reform. Friedman contends that "persistent poverty is a practical problem as well as a moral one, and we do ourselves no good to



focus on our moral failings and not the practical shortcomings of the countries and governments involved" (402). He cites the World Bank's International Finance Corporation (IFC), which studied 130 countries to prepare a document titled *Doing Business in 2004*. The researchers, drawing on work by Peruvian economist Hernando de Soto, asked five questions about how easy or difficult it is to (1) start a business in terms of local rules, regulations, and license fees; (2) hire and fire workers; (3) enforce a contract; (4) get credit; and (5) close a business that goes bankrupt or is failing.

Friedman sums up the results of the study: "those countries that make all these things relatively simple and friction-free have undertaken reform retail, and those that have not are stalled in reform wholesale and are not likely to thrive in a flat world" (403). He quotes from the report:

*[I]t takes less than six months to go through bankruptcy proceedings in Ireland and Japan, but more than ten years in Brazil and India. It costs less than 1 percent of the value of the estate to resolve insolvency in Finland, the Netherlands, Norway and Singapore—and nearly half the estate value in Chad, Panama, Macedonia, Venezuela, Serbia and Montenegro, and Sierra Leone. (405)*

Biblical insights into the need for the rich to aid the poor are more relevant than ever, given contemporary knowledge. However, like so much of the Bible, its message must be taken seriously without the mistake of taking it literally. Simply giving to the poor is insufficient. An examination is necessary to discover any personal complicity or detrimental behavior that may be furthering local or global injustices. Just as today's Christian must take into account modern thought about human rights when thinking about the biblically condoned institution of slavery, we must also take into account modern economics when advocating the best way to address world poverty. Moreover, precisely because of the biblical pronouncements about rich and poor, Christians have a strong impetus to join humanists in instituting savvy global reforms to eradicate extreme poverty in our world. ■

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## I Love the Lord, but...

- Have you ever found yourself focusing more on the praise you received from others than on the praise that you should be giving to God?
- Do you find that you would rather trust the people in your world whom you can see than the holy and infinite God of the universe who is somewhere "up there" in heaven?
- Do terms such as "grace" and "mercy" confuse you every time you hear them?

In simple and easy-to-understand language, author **Sylvester Paulasir** (pictured) explores many issues that young Christians often face—including confronting temptation, dealing with issues of pride, establishing real relationships with God and comprehending God's will—and offers practical advice to help along the way.

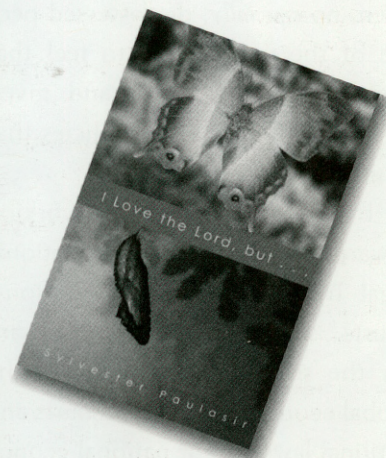


Will you become a super-saint by reading this book? Probably not. But there is a good chance that you'll find that one thing you have been missing in your spiritual journey: Hope.

*"Sylvester tells us with refreshing vulnerability about things we sometimes do not dare share with our mirrors."*

—Zack Plantak

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