Making Globalization Work
by Joseph E. Stiglitz
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Reviewed by David W. Gill www.ethixbiz.com

Joseph E. Stiglitz is professor of finance and economics at Columbia University. He won the Nobel Prize in Economics in 2001. He served as chairman of President Clinton's Council of Economic Advisors and as chief economist at the World Bank. Among his previous books is Globalization and Its Discontents (2002).

Stiglitz is opposed to what he calls "market fundamentalism" (or the "Washington Consensus"), "the belief that markets by themselves lead to economic efficiency" (xiii). "Imperfect and limited information and imperfect competition" limit the efficiency of markets. "Without appropriate government regulation and intervention, markets do not lead to economic efficiency" (xiv). Stiglitz is not any kind of socialist or utopian idealist. He is firmly committed to economic development, world trade, and global business. But he sees the problems in our current situation, and foresees more ahead, if we don't take steps to "make globalization work" for as many people and nations as possible.

"We can bring ethics back into business. Corporate governance can recognize the rights not only of shareholders but of others who are touched by the actions of the corporations" (xviii). "The problem is not with globalization itself but in the way globalization has been managed" (4). For the most part the rules are made by powerful corporate interests in the advanced industrial countries. Poverty has been growing even if "average wealth is rising"—because the wealthy and powerful are disproportionately benefiting. "If economic growth is not shared throughout society, then development has failed" (45).

Making Globalization Work gives a great global tour of recent economic history and experience around our globe. It also gives lots of insight into the functioning and thinking of the World Trade Organization, World Bank, and International Monetary Fund. Stiglitz devotes chapters to trade policy and practice, patents and intellectual property issues (and impacts on drug availability to impoverished people, for example), the "resource curse" whereby tiny elites profit from selling their extracted natural resources to rich corporations, the environmental, ecological challenges of our globe, the structure and practice of multinational corporations, the burden of debt that holds down many "developing" countries, and the practices of the global financial reserve system.

Stiglitz is bold in identifying the problems and tearing away the veil behind which bad things are happening and people are being hurt. But in every chapter and on every topic he provides substantial counsel on how our institutions and practices can be reformed and improved. This is a handbook for how to make globalization work. Even more impressively, Stiglitz wants to make it work for all the stakeholders, for everyone impacted by global business and economics. He is especially concerned about the poorest around the world. His concern is genuine and humanitarian—and yet he also points out that a world of deep divisions and vast poverty is likely to be a world of violence in which the rich also will find it impossible to thrive.

It's about ethics and values permeating our business leaders and institutions. It's about democratization of our political institutions and using them to promote a fairer, more level, playing field so that free markets can do their work effectively. Economic oligarchs can restrict free markets just as much as political oligarchs.

We don't have to agree with everything that Stiglitz argues but this is a wonderful study that forces us to confront the uglier side of globalization, and then offers lots of hope and specific proposals for making it better. I found it a refreshing approach compared to the extremes of the market fundamentalist "Amen Corner" and the "back to the woods" naïve idealists.