A Faithful Response:
Calling for a More Just, Humane Direction for Economic Globalization

Adopted by the Twenty-fourth General Synod of the United Church of Christ, meeting in Minneapolis, Minnesota, July 2003. Submitted by Justice and Witness Ministries, a Covenanted Ministry of the United Church of Christ.

I. Summary

This pronouncement examines the phenomenon known as economic globalization. It views globalization from the perspective of the values given to us by our faith tradition. The goodness of creation and the need for careful stewardship, the blessing of God's abundance—enough for all if it is shared, and the call to care for the marginalized and poor all shape how we view the impact of economic globalization. The growth in international trade and investment and the increased economic integration that have occurred over the past twenty to thirty years could work for good or ill. The impact is driven by the rules that shape these activities. This pronouncement finds that economic globalization has yielded some positive outcomes for society as a whole. But seen through the lens of faith, it has also produced great economic and social injustice. The rules and institutions that shape economic globalization must be fundamentally changed if God's creation and all God's children, in both the global south and north, are to benefit.

II. Background

Economic globalization refers to the world's growing economic interdependence created by the trade in goods and services across national borders, the movement of investment dollars among countries, and the technology that facilitates these flows.

Economic globalization is nothing new. Greeks and Phoenicians traded across the Mediterranean Sea. Marco Polo's trip to China was an early form of economic globalization, while Columbus's search for the resources of India was a harbinger of the economic globalization and exploitation of imperialism.

But while it has ancient roots, the economic globalization of the last twenty to thirty years differs in fundamental ways from what came before it. First, the pace of change is much faster and far-reaching. New technologies and markets have dramatically accelerated the rate of change and broadened its reach to all corners of the globe. Second, today's economic globalization has introduced new rules and institutions that, to some degree, dominate nation-states. Institutions like the International Monetary Fund (IMF), World Bank, and the World Trade Organization (WTO) exert immense authority over national governments and society in general. (More information on these three institutions follows.) International treaties on international trade and investment, such as the North American Free Trade Agreement (NAFTA) and the proposed Free Trade Area of the Americas (FTAA), affect the lives of millions of peoples and thousands of communities. Third, international trade in movies, music, TV shows, food, and clothes as well as access to the Internet have huge cultural as well as economic impacts.

Economic globalization could work for good or ill. It could benefit all people or just a few. It could slow environmental degradation or accelerate the process. It could affirm all cultures or promote the domination of many by a few. While economic globalization is largely inevitable, the conditions under which it is conducted and the rules that are followed will largely determine its impact. For the most part, the debate that is taking place around the world is not about *whether* globalization should occur but *how* it will happen—that is, the types of policies that will be followed and even imposed on countries by the World Bank, IMF, and WTO. The rules and institutions that govern the way it is carried out will in large part determine the impact of economic globalization.

Unfortunately, as it is currently being implemented, economic globalization has failed to live up to its potential to improve the lives of billions of people. Many countries participate in the global economic system under the guidance and directives of the World Bank, IMF, and WTO. This occurs in part because in order for a developing country to receive a loan or grant from the World Bank or IMF, it must first adopt the economic policies specified by these institutions (called a Structural Adjustment Program). The set of policies imposed, described by the terms “neo-liberal” or the “Washington Consensus,” promotes unfettered markets; minimal restrictions on trade and investment practices; privatization of the production and delivery of goods and services; minimal role for government; and deregulation of the economy, the workplace, and the environment. (A more detailed description of these policies appears in the appendix.)

Neo-liberal policies tend to advance and protect the interests of multinational corporations and elites around the world more than the interests of individuals, workers, local communities, or the environment. In many countries the opening of national borders to the trade and investment decisions of multinational corporations has outpaced the development of the new institutions and legislation needed to safeguard peoples, communities, and the environment. Even some former World Bank and IMF officials argue that neo-liberal policies have harmed the economies of third-world countries.

When market values dominate economic life, the buyers and sellers of goods and services—that is, the people and corporations with the resources to participate in these interactions—wield large amounts of power over society. Due to these unequal economic power relationships, the impact of the first world on the third is much greater than the impact of the third world on the first. Within countries, the power of the rich greatly exceeds that of the poor. In other words, the economic needs and desires of people in the first world are more likely to be met than are those of people in the third. Likewise within each country the needs of the rich are more likely to be met than the needs of the poor. Recent “trade” agreements like the North American Free Trade Agreement (NAFTA) provide extensively detailed protections for international trade and investment (money) flows. But protection of the environment and workers (human rights, safety on the job, adequate wages and benefits, the right to form a union, etc.) has been given secondary status and are largely relegated to “side agreements” or organizations that lack enforcement power.

On the most fundamental level, the impact of economic globalization will be determined by the values that govern the economic process. Christian faith asserts that the purpose of all economic activity is not an ever-expanding economy and the greater availability of goods and services. Rather, our faith points us toward a different end: wholeness for all God’s creation, including the people, animals, plants, and the environment in which God intends for all to flourish. In this value system, basic material resources—sufficient and nutritious food to eat, safe water to drink, adequate housing, and access to education and health care—contribute fundamentally to wholeness and must be the primary goal of economic activity. Moreover, faith compels a system of governance where all have voice and respect, physical safety, economic security, and the ability to contribute to society through dignified and honored work. Our faith champions these goals of economic development.

We approach the very complex issue of economic globalization as members of Christ’s church in the world. Our perspective is shaped by our faith, our tradition, our knowledge, and our experience. Specifically we are influenced by our forebears in the United Church of Christ, who braved oppression to establish a new church, faced hostility to struggle for the freedom of the men and women on the *Amistad* and of all enslaved peoples, established the American Missionary Association to bring God’s love and education to former slaves, ordained the first woman to ministry, worked diligently in the movement for civil rights, and ordained some of the first openly gay and lesbian clergy. Our spiritual ancestors carefully discerned God’s call to stand in solidarity with the oppressed and demonstrated courage in the struggle for justice and peace. Like them, we seek to follow God’s call into the issues that challenge us today. We believe, with the Rev. John Robinson, our Pilgrim ancestor, that light and truth are continuing to break forth from God’s Holy Word. It is that light and truth that draws us forward as we seek justice in this age of economic globalization.

This pronouncement arises out of a resolution passed at the Twenty-third General Synod titled, “Calling for a More Just, Humane Direction for Economic Globalization.” The resolution mandates the development of a pronouncement on economic globalization to be presented at the Twenty-fourth General

Synod. This pronouncement was composed by a small writing team and is being widely disseminated to seminary faculty, conference staff, and local churches for their input and responses.

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The Institutions Shaping Economic Globalization

There are three institutions that play a key role in shaping economic globalization:

- The World Bank provides governments with long-term, low-interest loans for economic-development projects. It also promotes foreign private investment, for example, investments by U.S. firms in developing countries.

- The International Monetary Fund (IMF) facilitates international trade and investment by promoting international monetary cooperation. While the World Bank makes long-term loans, traditionally the IMF makes short-term loans to aid countries facing financial difficulties.

- The World Trade Organization (WTO) makes the rules governing trade between countries, enforces these regulations, and adjudicates disputes between countries over trade and investment matters. It is the first international insti-tution with authority to enforce a national government's compliance with its rules.

In many ways the IMF and World Bank operate like other financial institutions—they make loans and expect repayment with interest. In addition these institutions also make grants (not to be paid back) to some low-income countries. Like other lenders, when considering a loan for a particular project, they first evaluate the proposed project and the potential borrower. Since World Bank and IMF borrowers are governments, this means they commonly assess the economic condition of countries. Before a loan is made the World Bank or IMF often requires changes in a country's economic policies and conditions, for example, a reduction in government spending or opening to foreign investment. Since banks and multinational corporations often follow the lead of the IMF and World Bank in evaluating the economic health of a country, compliance with IMF or World Bank directives may be an unavoidable precondition for obtaining a loan from nearly any source. Consequently when these institutions instruct a country to make particular economic changes, most countries feel compelled to comply. Member countries vote on decisions made by these institutions, but each country does not have one vote. Rather, votes are proportional to the amount of money each member country has contributed. For example, the World Bank has 184 member countries. The U.S., as the world's largest economy and largest contributor to the World Bank, also has the largest number of votes—16 percent of the total. By comparison, Germany, France, and the United Kingdom each have between four and five votes, while Japan has eight.

III. A Biblical and Theological Perspective

As a community whose ultimate allegiance is to God, whom we believe to be revealed most meaningfully to us in Jesus Christ, we take our primary guidance from the wisdom of Jesus as revealed in the gospels. We find there several guideposts that help shape our understanding of economic life in general and economic globalization in particular. Although other principles provide guidance, we find the teachings of Jesus most crucial in shaping our perspective on economic globalization. The following affirmations are most instructive:

1. Jesus acknowledges God the Creator as the giver of all that is good. Jesus bases his understanding on an acceptance of the world as a gift over which humankind is given the responsibility of stewardship. This way of seeing affirms the creation as good, abundant, and sufficient. In its *goodness* the world must be valued. Our judgment concerning the worth and goodness of creation derives primarily from God's declaration of it as good (Gen 1:31a). Additionally God places the awesome responsibility and stewardship over the good creation squarely into the hands of humankind (Gen 1:26). Sadly at various points in the history of Christianity, Christians have sometimes interpreted this mandate to mean that we have received from the hand of God permission to plunder and manipulate creation at our whim. This anthropocentric interpretation runs counter to a more theocentric viewpoint in which the sacredness of God is seen in creation. In a more theocentric view, creation must be respected and handled with loving care.

If one accepts the latter perspective, then it would require us to develop an economic order that would treat the world and its resources with great care and respect. It assumes that we consider the respectful use of God-given resources within the broader context of the whole world and in the longer view of future generations.

God wills that we not plunder the world's resources for the exploitative use of persons and societies. For example, economic growth and development would not be a goal in and of itself but rather the sustainability of the world entrusted to us. As economist David Korten observes, nothing in the natural world seeks to grow indefinitely. The sole exception is cancer, and it inevitably consumes and destroys its host. The same reality holds true for the economic order.

If we take this principle seriously it would imply that we always must ask how growth and development affect the created order. Ecological concerns must not be considered ancillary or unimportant but primary. Any consumption of limited or nonrenewable resources must be viewed in the long term even at the cost of immediate or shorter-term gains.

2. Jesus understands God to have a "preferential option for the poor." This term, taken from liberation theology, finds in the teaching of Jesus and the prophets a special care for persons and classes of persons who have been oppressed and marginalized. At the outset of his ministry, Jesus invoked the words found in Isaiah 61:1–2 in which he saw himself as bringing good news to the poor. Many of his parables about the reign of God envisioned the eschatological banquet as being where the "poor, the crippled, the blind, and the lame" are invited (Lk 14:21).

As stated above, this understanding places Jesus squarely within the prophetic tradition. The prophets too were convinced of God's preferential option for the poor. They observed the full coffers of the rich as being gained at the expense of the poor and worthy of the judgment of God. (e.g., Is 10:1f.; Amos 2:6f; Mic 3:9f). They contended that unless the rulers devised just ways that cared for the most vulnerable in society, they would be judged accordingly.

In addition this theme arises in the Exodus narrative. This essential way of understanding God and God's relationship to the oppressed makes clear God's empathy with the pain of the Hebrew people (Ex 3:7f). Clearly God wills the liberation of the people from their bondage and oppression and sends a deliverer to execute it.

God's preferential option for the poor has obvious implications for how we live in a global economy. We must examine the rules that govern the economy and ask whom these rules benefit. We must question and challenge the growing divide between rich and poor.

For those of us who live in relative wealth God's preferential option for the poor would minimally require us to live in solidarity with the poor. God would invite us to join God in exposing the ways in which the rules of economic globalization work against the interests of the poor and in advocating strongly with and for them.

3. Christians are called to live out of a theology of abundance. By this we understand that our faith as exemplified in Jesus calls us to see the world as a place wherein God's provision for our needs is total. Not only does God provide for our needs, but God also does so abundantly.

Consider the story of the manna in the wilderness from the Exodus narrative (Ex 16:1ff). In this story the liberated people are complain-ing because of their lack of food. God hears their complaints and responds by providing them with a "fine flaky substance" (16:14) that Moses has told the people God would provide for their nourishment. The food came with the instruction to take as much as was needed and no more (16:16). The only exception was on the day before the Sabbath, on which they could gather for two days (16:22). When persons took more than they needed or tried to hoard, the manna rotted (16:20–21).

Jesus' feeding of the multitudes further exemplifies the theology of abundance (Mk 6:30–44 and parallels). Whereas the disciples encouraged Jesus to dismiss the crowd (6:35–36), Jesus replied that they should feed the throng (6:37a). When the disciples protested that they did not have enough to feed themselves let alone the crowd (6:37b), Jesus took what they did have, blessed it, and with it fed all the crowd to their fill (6:38–44).

The point is simple and clear: God provides abundantly for the needs of the world. When we view life with this understanding, we live out of a theology of abundance. When we do not, we live out a theology of scarcity, and we hoard and care for our own needs at the exclusion of others' needs, in fear that we will not have enough in the future. Jesus teaches us the shortcomings of such an attitude (Lk 12:22–34).

As we apply these contrasting visions to economic globalization, we recognize that the theology of scarcity permeates much of present-day economic globalization: un-masked greed; accumulation of immense wealth for a relative few at the cost of extreme grinding poverty and deprivation of the majority of the world's population; and the despoiling of creation.

While it is not expected that the global economy should operate intentionally from any theological perspective, the principles of abundance and scarcity are relevant to any Christian examination of how the economic order is established and functions. The voices from the south would challenge us:

> Globalization, like slavery, is an oppressive system that denies people of their right of economic and social independence, indeed their right to life. Its commodification of life and its unethical measurement of life only in economic parameters that sacrifice humanity at the altar of profit cannot go unchallenged. Theology might not provide all the answers in the fight against globalization, but it can provide the social framework within which to offer alternative, ethical responses to the process."[1]

IV. The Impact of Economic Globalization

We now examine in greater detail some of the impacts of economic globalization. Over the past twenty years essentially all countries around the globe have experienced economic globalization, and this process

[1] "Young African Theologians' Statement," Accra, Ghana, October 2000, as quoted in Pamela Brubaker, *Globalization: At What Price?* (Cleveland: Pilgrim Press, 2001), 63.

has become very controversial. During this period many countries have followed the dominant economic development path—called “neo-liberalism” or the “Washington Consensus”—that has been promoted by the U.S. government and the major international economic institutions: the World Bank, International Monetary Fund (IMF), and World Trade Organization (WTO). (For a more detailed description of neo-liberal policies, see the appendix.) A few countries, most notably China, India, and South Korea, have charted their own route to globalization based on economic policies that were largely at odds with neo-liberalism. An examination of economic globalization must note the impact of these very different sets of policies.

Poverty and inequality*:* Over the past twenty years one of the main features of economic globalization has been growing economic inequality. The income gap between rich and poor has widened. This trend is seen both among nations and among people within a single country. For example, in 1980 at the beginning of the era of rapid economic globalization, average income in rich countries was eighty-six times greater than in the poorest. By 1999 the incomes in the rich countries were 149 times larger. Inequality within countries has also grown. Moreover, over this twenty-year period, improvements in life expectancy, infant and child mortality, and literacy and education have slowed in most low-and middle-income countries.

There is some good news. Throughout the 1990s the number of people living on less than one dollar a day fell largely due to poverty reductions in China, a country that has followed a development path largely outside the neo-liberal model. Excluding China, the number of extremely poor living on less than one dollar a day rose over the 1990s, reaching slightly *more than one billion* by the end of the decade. However, since the number of non-poor grew even more, the proportion of people who were extremely poor declined.

Jobs and wages*:* Many supporters of economic globalization argue that it will increase investment in developing countries, creating jobs and raising wages. However, the reality is not quite so simple. Investment dollars that are used to buy or build businesses in other countries do create jobs. But over two-thirds of cross-border investments are made in other developed countries. Just 1 percent of the funds go to countries where the poorest one-fifth of the world’s people live. Furthermore while many multinational corporations that build and run factories in the global south pay more and provide better working conditions than do local firms, most manufacturing plants in the global south are locally owned and operated.

In both rich and poor countries economic globalization has led to increased job and income insecurity as firms relocate to lower-wage sites or pressure workers to accept lower wages in order to preserve their jobs. This is true in the U.S. but also in the relatively more developed countries of the global south such as Hong Kong and Puerto Rico, where corporations consider wages so “high” that they moved to Central American, Bangladesh, China, and southeast Asia. (For the impact on farmers, see the section about agriculture.)

While the international flow of money for the purpose of purchasing goods or for investment (to buy or build a business) can be beneficial, fully 98 percent of the two trillion dollars that move around the world every day is used for speculation. These funds are electrically transferred from one country to the next in order to make money on small changes in the value of various currencies. A large amount of money rapidly entering a country—either for investment or speculation—can create a boom, but if it later flows out, the bust follows. In the past decade large financial flows created severe economic crises (leading to political and social crises also) in countries such as Mexico, South Korea, Russia, and Brazil. Millions of businesses were destroyed, and hundreds of millions of people lost their jobs and were thrown into poverty.

Economic growth*:* When the World Bank and IMF impose what appears to be harsh policies on a country in the global south, their stated purpose is to boost growth in the economy—that is, to enable the country to produce increasing amounts of goods and services. While economic growth does not guarantee that everyone will be better off, at least it makes it possible. But despite the toll taken by these policies, economic growth around the world was actually much better *before* the era of rapid globalization. In fact between 1980 and 2000 national income per person in developing countries grew *less than half as fast* as between 1960 and 1980. In forty-nine countries, predominately in sub-Saharan Africa, Eastern Europe, and the countries of the former Soviet Union, per capita income declined between 1990 and 1999.

With the exception of East Asia and South Asia, every region of the developing world experienced slower growth between 1980 and 2000 than during the 1960–1980 period. The positive picture in East and South Asia is due to China, India, South Korea, Taiwan, Hong Kong, and Singapore—countries that experienced rapid economic growth by following policies very different from those promulgated by the World Bank and IMF.

Access to more diverse and abundant consumer goods*:* One major benefit of a global marketplace is that most people are able to purchase or experience a much wider array of goods, food, culture, music, art, and literature. Imported goods generally are less expensive, better quality, or in other ways different from domestically produced goods. That is why they are imported. Also the quality of domestically produced goods can be enhanced by competition from imports. But of course in order to take advantage of the availability of these new products, people must have adequate financial resources.

Shared technology and patent protection*:* Globalization provides the opportunity for technological breakthroughs to be shared as goods from around the world are made available to all people everywhere. Also when first-world firms set up plants in the global south they often use the latest technology, providing important training opportunities for workers in the less developed world.

But the spread of new products and technology has been accompanied by increased attention to patents and copyrights (called intellectual property rights). With a few exceptions, patents prohibit any firm, other than the one holding the patent, from producing a product. This ensures that the company developing a new product will be able to recover the costs of research and development. But a patent also enables the sole supplier of the product to set a high price for it, often pricing it beyond the reach of many of the world's consumers. This is especially problematic in relation to life-saving medications. The patent prohibits production of a much-less-expensive generic version of the patented drug. Firms argue that high prices are necessary to cover the cost of research and development. But in the U.S., for example, these high prices also give the pharmaceutical industry the highest profit rate of any industry.

Unfortunately the concerns of the developing world are largely ignored when firms set research agendas. Much more is spent developing new cosmetics and slow-ripening tomatoes for first-world shoppers than on drought-resistant crops or a vaccine against malaria.

Enhanced communications*:* Access to communications and the Internet can build community and empower marginalized groups. The free flow of information may break down barriers, raise tolerance, and make it harder for tyrants to tyrannize. Although globalization has brought greater familiarity and understanding of foreign cultures and people thereby lessening international tensions, the reverse is also occurring. Some people fear a homogenization of cultures and the loss of their unique national and ethnic culture and norms. They see globalization as another word for Americanization and anti-American sentiment is growing around the world.

Environmental degradation*:* Indisputably the environment in the global south has suffered under globalization. If a country has poor environmental protections then, as it industrializes, pollution tends to increase and natural resources are exploited. Theoretically as a country becomes wealthier it can afford to maintain a clean environment. But countries whose primary concern is seeking to increase their presence in the global marketplace have tended to give little attention to ecological considerations. Frequently developing countries view available natural resources solely in economic terms. In the absence of environmental standards in trade agreements multinational firms may focus on bottom-line considerations and shop around for countries with the least intrusive, cheapest-to-implement, and probably least-effective environmental regulations.

Today, although developing countries usually have less industry and fewer sources of pollution than do developed ones, weak regulation and lax enforcement of environmental protections mean higher levels of pollution. World consumption has doubled in the past twenty-five years, leading to the depletion of nonrenewable resources and mismanagement of renewable ones (over fishing, over-cutting of forests, degradation of ground water and rangeland, desertification). Air pollution and the generation of solid and toxic wastes threaten a fragile ecology. While 86 percent of the world's consumption is done by the 20 percent of the world's population in the highest-income countries, environmental damage almost always hits hardest those living in poverty: poor countries are often more polluted than wealthier ones, and within a country the areas where the poor reside are generally harder hit than wealthier ones. (Also see the United Church of Christ's groundbreaking studies on environmental racism.)

Democracy, powerlessness, and tolerance*:* In the world today higher-income countries tend to also have more democratic governments. So as incomes rise one might expect a move toward greater democracy and respect for human rights. But while the potential for greater democracy exists, rapid economic change can also be tumultuous and destabilizing. Amnesty International has reported a rise in human rights abuses in the rapidly globalizing countries. Moreover, in rich countries and poor where political power goes hand-in-hand with economic power, growing economic inequality may weaken democracy.

In countries in the global south or north many people feel and actually are less in control of their economic destiny. Workers employed by multinational companies may experience this loss more than others. Nation-states have also ceded power. Especially in the global south governments have less control over their own economic policy and may feel compelled to do what international institutions and multinational corporations dictate. As the nation-state loses power, the citizens of democratic nations also lose some of their capacity to direct their nation and their lives.

An increase in immigration driven in part by the worsening economic and social conditions in countries negatively impacted by globalization can disrupt both the country from which the emigrants leave and the country to which they go. Workers in the destination country often feel that the new arrivals threaten their identity and their livelihood. Much of the reaction against increased immigration around the world stems from this concern.

Globalization can also create instabilities and threats to peace. The global traffic in weapons can turn political and cultural tensions into violence. Of the sixty-one major conflicts fought between 1989 and 1998 only three were between nations—the rest were among factions within a country. The illicit trade in drugs, weapons, women, and laundered money—made easier with globalization—weakens society.

Agriculture in the Global Economy

In developing countries farming is a way of life and an integral part of indigenous societies, not "just" a job. Agriculture accounts for over one-third of exports in developing countries. But under neo-liberalism, countries have opened their borders to cheap imports from abroad and cut subsidies that may have been provided to local farmers. At the same time, the U.S. and European Union have continued to subsidize their farmers, allowing them to reduce prices on their agricultural products. In 2002 the U.S. passed legislation providing $125 billion over ten years for these types of subsidies, two-thirds of which will go to the largest 10 percent of farmers, while over 60 percent of all farmers will receive none. U.S. subsidies not only harm farmers in the global south but also support large agribusinesses in the U.S. at the expense of smaller family farms. In the U.S. farm subsidies exceed spending on aid to developing countries.

In Mexico farmers have been growing corn for millennia. Corn is a staple of the diet and at the heart of

Mexican culture. In the U.S. corn is often grown on large factory farms that receive billions of dollars in subsidies each year. The subsidies and mechanization allow U.S. exporters to sell corn in Mexico more cheaply than local farmers can produce it. Already thousands of farmers have lost their livelihoods and their land.

In the early 1980s Haiti produced nearly all of its own rice. But after the country was forced to open its market, cheap U.S. subsidized rice flooded into Haiti with devastating consequences for the one-fifth of Haiti's population who rely on rice production for their living. Cheap powdered milk produced with huge subsidies from the European Union has largely put dairy farmers in Jamaica out of business. The double standard that operates enriches American and European agribusiness while disrupting the life and livelihood of some of the most vulnerable people—the rural farmers—in the global south.

Globalization and the Debt Crisis

Over the past thirty years developing countries borrowed large sums of money from the IMF, World Bank, first-world governments, and commercial banks. In many cases the borrowed funds were not well used. The borrowing government may not have been democratically elected or corrupt government officials may have misused or appropriated these funds for themselves. In other cases projects were ill advised and did not improve the economic well being of the developing country. In retrospect it is now recognized that lenders acted irresponsibly and recklessly in making these loans. A 1992 internal World Bank review found that over one-third of the World Bank's loans did not meet the bank's own lending criteria. Loans were granted even when the project to be funded was unsound.

Nonetheless, developing countries continue to be held responsible for these debts. Since 1980 developing countries' debt payments to lenders have been five times larger than new loans, grants, and investments received. Consequently they are very dependent on new money (loans and grants) from the IMF and World Bank that allows them to continue to make payments. Because developing countries need money so desperately, they often feel they have little choice but to consent to the policies suggested by the IMF and World Bank.

The Jubilee Debt-Reduction Campaign resulted in a new World Bank-IMF initiative to reduce the debts of the most heavily indebted poor countries. While debt relief has allowed some countries to increase expenditures for health care, education, and other social programs, the debt-reduction program is failing to meet its own objectives. Only a few of the most heavily indebted poor countries are being assisted, and among those that are, most continue to suffer from debt burdens that are officially considered to be "unsustainable."

Globalization and the U.S.

Just as globalization has had disturbing impacts in developing countries, it has been true in the U.S. as well. There has been a slowdown in the pace of economic growth. Even with the hot economy of the late 1990s, the rate of growth over the 1980s and 1990s was just three-quarters of the rate over the two previous decades. Wage and salary growth also slowed. By the end of the economic boom of the late 1990s the typical job paid just slightly *less* than in 1973. While globalization has been bad for workers, it has been good for business. Profits in U.S. firms have been strong and were at record highs in the late nineties.

The U.S. imports much more than it exports, resulting in a loss of jobs, primarily in manufacturing. The trade deficit ($346 billion in 2001) is financed by borrowing from abroad. Over the past twenty years the U.S. has changed from the world's largest creditor nation into the world's largest debtor. There is growing concern that this heavy reliance on foreign borrowing cannot continue indefinitely. Unless the problem of the trade deficit is addressed, the U.S. could experience a sudden economic crisis similar to those of other nations.

The North American Free Trade Agreement (NAFTA) provides a concrete example of the impacts of globalization. This 1994 pact between the U.S., Canada, and Mexico required the three countries to allow free entry and exit of money and lifted trade barriers, making it easier, safer, and more profitable for firms to produce goods in one country for sale in another.

But workers in all three countries have suffered during this period. Wages in Mexico for lower-skilled workers fell 25 percent, while incomes of the self-employed, including small shop owners fell 40 percent. The share of Mexicans living in poverty rose from 51 to 59 percent. In Canada real income declined for the bottom 80 percent of Canadian households. It rose on average only for the top 20 percent.

In the U.S. as of July 2001 the growing trade deficit with both Mexico and Canada had cost roughly 650,000 U.S. jobs. And over the 1990s the U.S. also experienced rising income inequality, stagnant real wages for production workers, weakened unions, and reductions in workers' fringe benefits. But corporations in the U.S. had historically high profits during this period.

It is notable that in all three countries, despite quite different economic situations, the changes that occurred over the 1990s were very similar. Corporations have prospered while workers throughout North America have fared poorly.

V. Putting It All Together

Economic globalization is a very complex matter. But a few things are clear.

The rules and conditions under which economic globalization is conducted have large impacts on the outcomes. In the global community the rich countries have the most power, and within countries the wealthy dominate the poor. For the most part these powerful people run the World Bank, IMF, WTO, commercial banks, and other multinational corporations. These institutions are writing the rules under which globalization is occurring. The rules tend to lead to outcomes that favor the powerful in all countries and particularly the powerful in the first world. The rationale for these policies is not necessarily greed. Rather, proponents of neo-liberalism argue that what is good for business will also (at least eventually) benefit all people. However, many of the countries that have followed the neo-liberal model for the past twenty to thirty years have seen a slowdown in economic growth and development and growing inequality.

The elite in the global south who largely run the governments, own the corporations, and manage the multinational subsidiaries are focused on producing products for export. Low wages and weak labor and environmental regulations are good for business profits.

The elite in the global north who largely run the governments and the international institutions, own the corporations, and manage the multinational subsidiaries are also focused on making the whole system work to the benefit of the multinational firms. They also believe that what benefits firms will eventually also benefit people, both rich and poor. In the U.S., unlike in the global south, the primary goals of trade and investment policy is not just production for export. U.S. firms also set up plants abroad and export back to the U.S. and to other countries. In addition, the U.S. is the "buyer of last resort"—that is, many of the products produced in the global south for export are purchased by consumers in the U.S. This strategy is good for corporations, and in many cases it is good for consumers since they benefit from low prices, but it is bad for workers as wages fall and jobs disappear.

Economics is about money and power. Economic globalization has expanded the playing field and raised the stakes. It is no accident that in countries around the world that are following the neo-liberal path workers are suffering while corporations and their leaders prosper as never before. The rules under which globalization is occurring have been set up to give this outcome at least in the medium term. We can hope that in the longer run greater equity would result, but this is not certain. Only by changing the rules and the institutions will people everywhere enjoy a more proportionate share of

God's abundance. At the very least many of the safeguards provided for workers and the environment in the national economies in the global north must be added to the international economic system.

VI. What Is to Be Done?

Obviously, the issues and challenges facing the global community regarding economic globalization are complex, difficult, and controversial. Solutions, predictably, lack consensus. However, the following suggestions would significantly improve the current economic globalization regime:

- Forgive the debt of the poorest countries completely and unequivocally. In addition we must establish an international bankruptcy court that will enable countries in the future to pay what they can and have the rest of the debt written down or written off and enable the debtor countries to reenter the international economy.

- Adopt policies within the international economic institutions (IMF, the World Bank, the World Trade Organization) that will foster economic growth *and* achieve equity, provide for basic needs, and conserve the environment in developing countries. These policies should also encourage developing countries to adopt development strategies that emphasize domestic demand-led growth with export promotion as only part of the strategy. The international monetary institutions need to promote these policies as they work with developing countries.

- Make the workings and policies of the World Bank, IMF, and WTO more transparent to civil society and to the people in developing countries who are impacted by their policies.

- Make the international economic institutions accountable to the people they regulate and finance in the developing countries as well as to the finance ministers, central bankers, multinational banks, and multinational corporations in the rich countries.

- Hold multinational corporations financially accountable for their decisions when they leave one country for another; exiting firms must assist workers with training and finding other jobs, insure their pensions, and compensate communities for the losses they inflict on them.

- Design and implement an effective system of trade adjustment assistance that will provide retraining and relocation assistance for those workers who lose their jobs as the result of U.S. businesses moving abroad.

- Reduce the chaos flowing from the instability of short-term capital flows in and out of developing countries.

- Prevent U.S. multinational corporations from protecting their profits from taxation by use of offshore tax havens.

- Develop a monetary framework that will protect the global environment against the pollution engendered by the global economy.

- Develop international policies to prevent child labor and protect workers' rights.

- Expand the Group of Seven (or eight when Russia is included) that makes international economic policy to include representatives from the developing countries.

The Unique Role of the United States*:* We cannot end this extended statement without a word spoken to the United States. The United States is clearly the most powerful country in the world. Our economy is twice as large as the next largest economy, and we spend more on arms than the next highest-spending twenty-five nations. The U.S. also plays a dominant role in the World Bank, IMF, and WTO. With this power comes enormous responsibilities. If the United States is to fulfill its role as the world's economic and military leader, it must take bold steps to seek the welfare of all the people north and south by leading the world to adopt the policies outlined here.

Proposal for Action

Summary

This proposal for action is founded in the belief that the global economic system as presently structured is significantly flawed and must receive serious reformation. This is a matter of economic justice, and as the pronouncement "Christian Faith: Economic Life and Justice" avers the United Church of Christ shares a "commitment to be actively concerned with justice in our economic institutions and daily economic lives." Because economic globalization impacts dramatically the lives of literally everyone in the world, it is incumbent on us, as a part of God's people of mission, to work actively, intentionally, and with vigor toward a more just global economy. This proposal for action calls on all parts of the United Church of Christ (individuals, local churches, associations, conferences, covenanted ministries, and seminaries) to work on this challenge, alone and in collaboration, out of our faith and justice commitments. This proposal for action delineates specific strategies by which the United Church of Christ can accomplish these ends.

Background Statement

This proposal for action is based on the pronouncement, "A Faithful Response to Economic Globalization." This pronouncement fulfills the mandate of the Twenty-third General Synod resolution, "Calling for a More Just, Humane Direction for Economic Globalization." This resolution called for a pronouncement to be considered by the Twenty-fourth General Synod on economic globalization.

This pronouncement takes seriously and incorporates the insights of various pronouncements and resolutions from previous General Synods, as well as statements made by covenanted ministries and other bodies of the United Church of Christ. Most notably, this document was influenced by the pronouncement and proposal for action, "Christian Faith: Economic Life and Justice," adopted by the Seventeenth General Synod. This proposal for action extracts some of the implications of these statements as they apply to economic globalization and offers concrete actions for implementation.

Directional Statement and Goals

We believe that God's intention for creation is wholeness. Creation is an expression of the loving goodness of God. Our Judeo-Christian faith humbly acknowledges and gratefully affirms that God has given humankind special place and responsibility in the context of the created order. God requires that we tend the creation lovingly, treating all parts of the creation with respect and care. This implies that we use all resources with gratitude, acknowledging that God the Creator has graciously provided it. This wise and just stewardship of the world's resources occurs most meaningfully when we are connected to the Great Source of all.

God has chosen to reveal the divine will for justice especially through the one we confess to be the Christ for us, Jesus of Nazareth. In this One we see incarnated the way of justice and peace for all creation. In particular Jesus taught and manifested in his ways a concern for how we use material possessions, the economic life of individuals and society. Though he did not envision the world or offer his teachings in terms of a global economy, we believe Jesus would understand within our context that we are required to treat the far neighbor with the compassion and care that we would treat our immediate family. Conversely, when what we do individually or corporately harms directly or indirectly our neighbor, then we should work to ensure that such actions or policies cease.

We acknowledge that our economic lives are filled with inequities. Some nations, corporations, and individuals continue to get richer, while others fall further into poverty. This disparity holds true between individuals within a country and among nations as well. This proposal for action is founded in the conviction that such inequities run contrary to the will of God. As disciples of Jesus, we are called to diligence in the task of eliminating such inequities wherever they are found.

In the pronouncement and proposal for action, "Christian Faith: Economic Life and Justice," we envisioned a goal of “the just transformation of the market economy into an economic system that fundamentally ensures economic, environmental, gender, racial, and social justice and equality in the United States.” We further committed ourselves to “the just transformation of the global economy into an economic order that fundamentally ensures economic, environmental, gender, racial, and social justice for all of God’s peoples throughout the world.” We confess that we have not met those goals. Further, we realize that the way in which economic globalization has been practiced has led to further injustice, dramatically displayed in dramatic inequities in income, further environmental degradation**,** and the worsening of human misery.

Thus we would recommit the resources and energies of the United Church of Christ to meeting these worthy goals**:**

- We commit ourselves to the goal of reversing the unacceptable and sinful condemnation of hundreds of millions of people to deeper poverty, especially as that poverty is directly or indirectly connected to the dynamics of economic globalization.

- We further commit to sweeping and radical reform of the international monetary and trade organizations so that they work for all people. Such reform would include but not be limited to greater accountability, more transparency, more significant democratic participation, and flexibility in considering each country independently.

- We commit to working toward the elimination of onerous and unjust debt burdens on the poorest countries in the world.

- We commit to greater accountability of multinational corporations to work towards the economic benefit of workers, host communities and countries, and the physical environment in which they are located.

- We commit to supporting local and global populist movements as they devise creative ways to help communities take more active roles in developing economic autonomy and sovereignty.

- We commit to establishing the priority of environmental concerns in the global economy.

- We commit to adjusting the priorities of economic life to give the building of just and sustainable communities precedence over economic growth.

Out of this vision and with these goals before us, the Twenty-fourth General Synod calls for the adoption of the following actions:

Call to Members

The Twenty-fourth General Synod, convinced that God calls us to faithfulness in our economic decisions and commitments, calls on the members of the United Church of Christ to the following actions:

1. To grow in spiritual maturity through consistent participation in public worship and the practice of spiritual disciplines such as prayer, Bible study, fasting, and meditation.

2. To engage in intentional reflection on our individual and family economic life; to inquire honestly and humbly concerning the shaping of this life by our faith commitments.

3. To commit as a result of worship, spiritual guidance, and personal reflection to specific ways and concrete actions that will make our individual and family lifestyles consistent with our faith commitments and vision, including changes in our consumer practices.

4. To intentionally seek opportunities of public witness and of advocacy for economic justice and

against those policies and actions that deny the economic well being of persons, communities, nations, and the global community.

5. To participate in the decision making of multinational corporations in which we may have economic investment through shareholder resolutions, letters, and attendance at shareholders' meetings.

6. To look for opportunities at local levels to participate in movements that encourage and enable persons and communities to control their own economic well being in just and sustainable ways.

Call to Local Churches

The Twenty-fourth General Synod calls local churches and their members to be active, knowledgeable, and critical participants in the global economy. Through education, stewardship, confrontation with the principalities and powers, and social action local churches are called:

1. To confess faithfulness, above all, to God, worship exclusively God the Creator of all life, and live as a trusting, radically obedient, loving community of disciples strengthened and led by the Spirit, even as this applies to corporate economic life and commitments.

2. To examine their own stewardship commitments, especially their investments, so that they will be responsible, just participants in the global economy.

3. To move toward a goal of socially responsible investing and to educate and encourage members to do the same.

4. To engage in a process of action and reflection on specific issues in economic globalization.

5. To consider, in cooperation with Wider Church Ministries, partnership with a church in a developing country to understand its context and the ways in which it has been impacted by economic globalization and to participate in the partnership in concrete, helpful ways.

6. To look for creative ways in which the congregation's lifestyle can proactively support workers rights, environmental well being, and other just positions in areas of life impacted by economic globalization (for example, by using fair-traded coffee).

7. To engage in advocacy on legislation and international agreements that affect the way the global economy operates, such as the Free Trade Area of the Americas.

Call to United Church of Christ Covenanted Ministries, Conferences, Associations, and Seminaries

The Twenty-fourth General Synod calls the Covenanted Ministries, the Affiliated and Associated Ministries of the United Church of Christ, Conferences, Associations, and closely related seminaries of the United Church of Christ to fully engage the global economy and to actively ensure the development of just and sustainable communities in the global economy. To that end, the Twenty-fourth General Synod calls on these institutions:

1. To continue to provide educational resources and advocacy opportunities and to be a prophetic voice for local churches and members on issues of economic globalization.

2. To urge all settings of the church in their roles as consumers to give priority in decision-making choices to justice concerns, for example, in not purchasing clothes and other consumer goods produced by sweatshop labor.

3. To provide resources on investments in corporations that reflect values resonant with those of the United Church of Christ. Such values can be found in past General Synod actions such as "Direct

Investment in Weapons Producers" and "Investment and Corporate Responsibility with Regard to South Africa" (Fourteenth General Synod) and "A Call for Socially Responsible Investment" (Seventeenth General Synod).

4. To work through whatever means possible to reform the principal international trade and finance institutions and governing bodies so that the needs and concerns of all persons, especially the poor and the marginalized, may be addressed in effective ways though their policies and actions.

5. To work for and provide opportunities for individuals and local churches to work for debt relief for developing countries.

6. To continue to develop partnerships with both national and international grassroots organizations, interfaith groups, and partner churches working for economic justice in developing countries.

7. To work actively with the World Council of Churches, especially as it participates in the United Nations, on issues of economic globalization.

Implementation

The Twenty-fourth General Synod requests that Wider Church Ministries and Justice and Witness Ministries convene a coordinating committee to develop a plan including a time table for implementation and make reports to the 25th and subsequent General Synods.

Appendix

Part A. Neo-Liberal Policies Promoted by the U.S., World Bank, and other Institutions

As countries increase their participation in the global economic system, many follow the neo-liberal policies advocated by the World Bank, International Monetary Fund, and World Trade Organization (see "Background" for more information on these institutions). Neo-liberalism, also called the Washington Consensus, consists of policies focused on six areas:

1. ***Removing barriers to the free flow of goods and services including dismantling tariffs and other trade barriers.*** While it is argued that this policy helps both consumers (who will get goods at lower prices) and producers (who will have new markets for their products), the reality is more complex. Historically, countries have not successfully developed under conditions of free trade. For example, when the U.S. entered the age of industrialization the government imposed tariffs to protect some of our industries that were technologically less advanced than their counterparts in England and other European countries. (The tariffs raised the price of imported products, making it more likely that American consumers and businesses would buy cheaper goods made in the U.S.) This allowed U.S. industries to sell their products and earn money for upgrading their plants until they were able compete with Europe. Only since the 1940s, when U.S. industry began to dominate the international economy, has the U.S. supported free trade. In the last century if the U.S. had imposed neo-liberal policies instead of tariffs—importing needed goods and welcoming European firms to set up plants to make goods for export to Europe while repressing U.S. workers and keeping wages low in order to attract the European plants—our economic future would have been very different. In the postwar period, the countries that have very rapidly and successfully developed—China, India, Japan, South Korea, Taiwan, Singapore, and Hong Kong—also provided protection for their countries' industries.

2. ***"Export-led" growth*****.** Under neo-liberalism, countries are encouraged to focus on producing products for export, that is, to be sold in foreign countries, not in the country in which they are made. Since in the global south the majority of the population has little money, selling products in the first world provides developing countries with markets and income. But it also sets up a diabolical cycle. In order to keep sales high exporting firms strive to keep prices for first-world consumers as low as possible. And to keep prices down firms producing in the global south try to keep wages as low as possible. If wages rise firms may even move to another country where wages are lower. Producing for export may be a good strategy in the short run, but it means that workers in the global south cannot afford to buy the things they are producing. This is not only bad for workers but also bad for firms since most of the world's population will never be able to buy the firm's products. On the other hand if production for sale in the producing host country was the focus, then firms would want to see wages rise so that workers would be able to buy the products they were making. Rising wages in the global south would expand the market for products, helping both firms (more sales and more profits) and workers (higher wages and more jobs). There is another negative consequence of an excessive focus on exports from the global south. Today the world is awash in excess goods. In a range of goods from steel to cars to coffee, much more is produced than the world can consume. The excess has driven down prices so countries must produce more and more just to earn the same income as in the past. Prices have fallen particularly for "primary commodities." These non-manufactured, largely unprocessed goods like minerals, agricultural products, and so on are a large share of exports from many developing countries. Adjusted for inflation the prices of these primary commodities are at their lowest level in the past century and a half.

3. ***Opening countries to the free flow of money, both in and out, and protecting investments.*** Free capital markets make it easy for money to come into and leave a country. Without restrictions a multinational corporation can buy or build a new plant wherever the conditions are most advantageous and can also take profits and their investment dollars back to their home country as they wish. As a result of these policy changes flows of money across national borders have grown exponentially in the past twenty years—from an average of $80 billion worth of foreign currency a day in 1980 to more than

$2 trillion in 2000. While some of this money is used for building businesses, paying for imported goods, or making and repaying loans (activities that can strengthen an economy), more than nine-tenths of this money flow is not for productive use but for speculation. Speculators buy foreign currency hoping to sell it within a short period of time at a profit (a little like the day-traders of the late 1990s). As described earlier, the large flow of money into and out of countries contributes to economic instability and crises.

Trade agreements seek to protect investments just as much as they strive to promote trade and sometimes provide excessive protection. For example NAFTA provides for compensation for a company's *expected* profits if they are impacted by a change in laws or regulations. Currently a Canadian company is suing California for nearly $1 billion in lost future profits after the state banned its gasoline additive to prevent environmental contamination. As established by NAFTA the case will be heard by a tribunal behind closed doors.

4. *Minimal role for government*. Neo-liberalism holds that market outcomes are nearly always superior to those obtained through government actions. Therefore, many of the traditional roles of government are reduced or eliminated. Regulation is to be avoided as it commonly interferes with free trade and investment. Governments should get out of the business of producing or providing most goods and services (see no. 5 below). Governments should minimize their "distortions" of the market economy by reducing taxes and cutting spending (see no. 6 below).

5. *Privatizing government-owned companies, services, and utilities*. Privatization occurs when a government-owned business or service is sold to a private company. In countries around the world, education, health care, water and other utilities, steel mills, or oil refineries have all been privatized. Often when a service is privatized it becomes more expensive. For example a private firm may charge a fee for what had been provided free of charge (for example, education) or prices may rise for goods (like water) that had been available at a reduced (subsidized) price. Advocates of privatization argue that private firms operate more efficiently than government. But often any savings due to privatization are the result of paying workers lower wages and not the result of efficiency gains. While mismanagement or corruption may occur when a government runs a company, the same holds true for the private sector, especially in a country with poorly developed legal and judicial safeguards. Too often privatization has resulted in the sale of public assets at below-market prices, allowing private firms to reap large profits. Moreover, government-run agencies can be held publicly accountable in ways that private firms often cannot.

6. *Reducing the government deficit*. In a poor country with little tax revenue but large demands for government services like education, transportation, and health care, governments frequently spend more than they receive in revenue, resulting in a government deficit. This can sometimes result in inflation. Very rarely, prices may rise so rapidly that it severely damages the economy, hurting consumers and bringing financial losses to investors. To guard against the risk of high inflation the World Bank and IMF regularly require governments seeking loans to reduce the government deficit, even when the deficit is not in danger of causing dangerous inflation or during recessions (when deficits can be helpful or necessary). But lowering the deficit often means ending or cutting back needed services like education, health care, and money for transportation systems, further reducing the living standards of the most vulnerable. The problem of inadequate money for needed services is exacerbated when a government must repay loans or uses tax incentives to lure new plants.

Part B: Glossary

Economic globalization: The world's growing economic interdependence, resulting from the growth in trade in goods and services across national borders, the growth in investment dollars flowing between countries, and the improved technology that facilitates these flows.

Economic growth. An increase in the amount of goods and services being produced, often but not necessarily associated with a growing number of jobs and rising income.

Exports: Products produced in one country for sale in another.

Free investment: The unhindered flow of money from one country to another with restrictions for the purpose of investment or speculation; the absence of investment barriers.

Free trade: The unhindered sale and purchase of goods and services across national boundaries; the absence of trade barriers.

Imports. Products sold in one country that were produced in another.

Neo-liberalism: A set of economic policies based on the view that that optimal economic globalization rests on free trade, free investment, export-led growth, minimal role for government, privatization, low taxes, and fiscal austerity (no government deficit). Neo-liberalism is also called the Washington Consensus since many of the main proponents of this view—the U.S. government, World Bank, and International Monetary Fund—are located in Washington, D.C.

Subsidy: Assistance, usually financial, given to a producer that lowers the cost of producing a product thus allowing the producer to sell the product at a reduced price. Financial assistance provided to consumers to reduce the price they pay for products.

Tariff: A tax placed on an imported good or service that raises its price; a trade barrier.

Trade barrier: Something that hinders the free flow of goods and services across national borders, for example, tariffs, subsidies, or a convention that favor domestically produced products over imports.

Trade deficit: The amount by which the value of imports into a country exceeds the value of exports from the country.

Washington Consensus: See neo-liberalism.