

— Спецификой современного Марокко можно назвать новую политику по отношению к женщинам и национальным меньшинствам (особенно берберским), которая открыла перспективы исследованиям по гендерным и национальным проблемам. Все больше марокканских женщин успешно ведут такие исследования, занимая посты в высших учебных и научных учреждениях, а также и в политическом процессе. Это в корне отличает королевство от большинства арабских, да и многих других государств. Женщины же составляют и примерно четверть марокканских ученых и преподавателей.

Research and Research Policy in the Kingdom of Morocco

NICOLAY V. LITVAK

PhD (Sociology),
Senior Lecturer,
Department of Philosophy
MGIMO (University) under the Ministry for Foreign Affairs of Russia,
Moscow, Russia,
e-mail: jourfr@mail.ru

The article describes a brief history of modern Moroccan science, science policy of the kingdom after the attainment of independence in the second half of the twentieth century and in the third millennium, research bodies and the main directions of scientific research.

Keywords: science, research, Morocco, the university, scientific networks.

LEON MILLER

instructor of Business Ethics,
Intercultural Communications and International Relations at
Tallinn University of Technology
Tallinn, Estonia
e-mail: leonmonroemiller@yahoo.com



Liberalism: The Dichotomy between Economic Liberalism and Political. Liberalism's Effort to Increase Prosperity versus its Ability to Enhance the Global Common Good

In Japanese a word for economics has two syllables: “Kei” meaning governance that brings about harmony and “Zai” meaning to bring about the well-being of people.

The resurgence of efforts to strengthen normative structures for the globally interdependent economic system by means of global governance raises important questions about the principles necessary for establishing the global common good. Efforts to make global regulatory structures more substantial are now being initiated because in the light of repeated financial crisis it is necessary to construct

pragmatic economic policy regulations which will provide future stability for the global financial system. We also assume that the intent of a regulatory body will be to outline principles connected with reassuring that the market operates in ways which will not hurt the global public interest.

Certainly the principles that inspire global financial regulatory policy must be broad enough to include diverse cultural perspectives reflected in the global community. The assembly of nations comprising a financial governance regime will be made up of diverse states not all of which subscribe to a free market economy. The ethics shaping international regulations must reconcile the various convictions on what are considered to be appropriate motivating factors for human transactions. In this respect normative structures must also prescribe a balance between competitiveness, interdependence and the transnational linkages that were thought to be the most promising sources for profit and prosperity in the globalized world. Thus, to ensure that freedom and rights are not jeopardized and that the best interest of the public is assured we must remember that the effectiveness of practice is first and foremost a matter of the adequacy of principles.

Keywords: liberalism, globalization, business ethics, global economy.

Introduction

Business practices are indeed one aspect of complex, real to life, challenges individuals are morally confronted with where multiple-if not conflicting-objectives must be reconciled. Corporate activity is a particular type of human activity where individuals must decide what is of ultimate value, what will produce the greatest amount of success and what will result in the greatest amount of happiness. Globalization adds to the complexity by raising demands for self-reflection on one's prejudices, unexamined assumptions, and the wide variation of cultural values. Today's financial reality demands that business ethics-and the role it plays in shaping normative principles-become a major influence on the factors shaping global financial transactions. Because ethics has always been the basis of the principles that shape policy necessary for protecting the rights of people it must also play a key role in safeguarding global stability. This becomes necessary on a transnational basis because the power of international corporations is seen to exceed the abilities of state regulatory powers.

Commercial processes-free market forces as they now operate-continue to press forward into every sphere of human life in every corner of the globe where they confront a plurality of individual beliefs and cultural value preferences. Today, commerce between nations is supported and accelerated by truly global and highly integrated financial systems — systems which are themselves speedily evolving with the technological developments that have now become the primary means of financial transactions. The globalized world heightens awareness of the difference between values emphasizing the individual agent, those emphasizing acting in the best interest of the collective and those emphasizing global economic justice. This requires a more progressive understanding of what it means to compete respectfully in the marketplace where we conduct business transactions with other players who also deserve equal respect and equal rights.

In particular, the recent effects of the global financial crisis highlight global interdependence and the international "looping" effect of ethical decisions made by international financiers. The fact of interdependence also re-sparks debates over the relationship between self-interests, corporate interests, and the responsibility international corporations have to not hurt the global public's interest. Ethical considerations necessarily involve collective reflection to decide what objectives are best for realizing certain shared values. In today's reality these

shared interests necessarily include concerns over regulating financial transactions, energy, a regard for the environment plus the interface between industry and sustainable development. The consequences of the endeavor to establish normative guidelines for realizing our shared values have important implications not only for how nation-states interact, but also for intercultural relations and for intercultural conflict management.

The magnitude of the global financial crisis (because it has had such tremendous worldwide repercussions) calls for a fundamental reappraisal of our economic principles as well as a reassessment of the responsibility of academic institutions (as those who espouse economic philosophy and ethics). The effort to establish strong global normative guidelines for financial transactions is an attempt to define how the practice of economics contributes to the flourishing of the global community. One of the important considerations for such an endeavor is to determine if there are any fundamental principles that could be agreed upon by a regulatory body made up of diverse cultures attempting to establish unified normative structures and regulatory systems for global business. "In fact it will be the values, beliefs and worldviews of diverse cultures that must become the cornerstone of what informs the shaping of a global business ethic for global stability and global sustainable development."¹

The assembly of nations comprising a financial governance regime will be made up of diverse states not all of which subscribe to a capitalist economy. The normative principles that shape policies for global financial transactions must find a middle path between *laissez-faire* relativity and Universal absolutes. Certainly the principles that inform global financial regulatory policy must be broad enough to be inclusive of the diverse cultural perspectives reflected in the global community plus they must reconcile the various convictions on what is considered to be the ultimate intention of economics.

Whether one identifies globalization as primarily driven by economics or as a new era phenomenon occurring in the context of information technology (that puts people around the globe in immediate contact) it clear that contemporary scholarship faces the theoretical challenge of putting globalization into a perspective that addresses the role of global political economy in safeguarding global public interests, addresses the need for global justice and offers more theoretical insight into the resurgence of Neo Liberal discourse ethics. The speed at which globalization has engulfed the world has outpaced the ability of states to effectively manage the new means through which interactions, transactions and telecommunications permeate their borders. Making way for this new era has demanded a new perspective on power, new forms of communication, new approaches to global discourse ethics, and a new understanding of the nature of the international arena. Globalization has heightened awareness of how much the motivation behind human interactions has economic, political, environmental and cultural repercussions that affect us all.

The first section of the article is an introduction of the Critical Theorist analysis of the dominant theoretical approaches to macroeconomics. Widespread information dissemination and an increased anticipation that intercultural transactions will be based on constructive, cooperative collaboration have changed the perspectives on international discourse ethics. This section of the article analyzes some of the problems of the established economic theory and proposes solutions to these problems by employing insights offered by the new theories on *the global information economy*. I argue that the current reality in the global economy makes evident an agent-structure problem that the established economic theory is not

¹ Capen R. Ethics in Business: A North American Approach // The Ethics of Business in a Global Economy / ed. by P. Minus. Dordrecht, Netherlands, Kluwer Academic Publishing, 1993. P. 42.

able to resolve. In addition this section of the article highlights the current emphasis on the role of knowledge as power in the information economy.

Section two describes a methodological basis for research shaping the practice of the global economy. I argue that the agent-structure problem can be better addressed by a research methodology inclusive of the relationship between business agents as autonomous individuals and institutions that intervene to facilitate collective decision making. Institutions are also necessary in order to structure a normative framework for market forces as they impact the global society. This requires a methodological approach that is inclusive of research methodologies typically associated with economics, the principles associated with the practice of good business, the philosophical insights of business ethics, and research that analyzes the social responsibility of international corporations. In addition the methodological approach to the current global economy must draw from recent Constructivist perspectives on intercultural communications, intercultural conflict management, Cosmopolitan discourse ethics (Neo Liberal discourse ethics), and the implications of game theory for global negotiations.

Section three draws some conclusions regarding the new value perspective on the motivation behind human interactions and its promise to insure more desirable economic outcomes, enhance intercultural interactions and stabilize the global community. I claim that achieving the desired result-of a stable global economy facilitated by effective normative structures that serve to both enhance a thriving free market while safeguarding public interest-requires the application of discourse ethics. Therefore discourse ethics is proposed as a process for establishing a normative basis for global business ethics and for reconciling the differences between the various economic, political and cultural value viewpoints. The article concludes by promoting the prospect that the ethical perspective espoused in the foundational principles of Liberalism (*Cosmopolitan Discourse Ethics*) could be applied to global transactions in a way that transforms interactions into more desirable outcomes for all participants.

A Critical Theorist Critique of the Dominant Economic Perspective

The fact that economics is an applied mathematics, a predictive empirical science as well as a social science means that the scope, the method and the methodology of economics must be related. Any approach to economic research that attempts to apply methodology to encompassing such a scope must embrace two areas of concern. The first is a positive methodological approach which analyzes economic theory in order to state what is and what the economic trend is likely to be. The second is a normative methodological approach which focuses on what the economy ought to be like or what particular policy actions ought to be recommended to achieve a desirable goal. However the reality of today's global economy (with a need for policy and normative structures that facilitate a thriving market, stabilize the market, and protect global public interests) clearly demands a synthesis approach of both the positive and normative methodological approaches.

One of the major concerns has been that the orthodox economic methodology "Did not sufficiently take into account or acknowledge, that a more normative dimension regarding ends has recently supervened on arguments which were previously mainly about means."²

² *Hutchison T. Ends and Means in the Methodology of Economics // New Directions in Economic Methodology / ed. by R. Backhouse. London, Routledge Press, 1994. P. 28.*

In light of the need to reconcile the normative and positive aspects of classical economics. I propose a combination of the insights from The New Neoclassical Synthesis Model and those of Constructivism. An inclusiveness of these two approaches to global political economy integrates the logic of the agent centered rational choice model of orthodox economics with the Constructivist collective dialogue model for determining global normative policies and structures. With a merger of these two methodologies we will not only be able to better build social-scientific knowledge, but also better help bridge the empirical-normative gap in classical economic methodologies. As Sheila Dow points out in her article *Mainstream Economic Methodology: A Critical Survey*, “New directions in methodological fusion could well be the development of a closer bond between methodology and practice.”³

Jürgen Habermas states that the sciences whose aim it is to formulate and verify hypothesis concerning the laws governing empirical regularities predominate in orthodox studies of economics. However, he adds, that sciences which appropriate and analyze meaningful cultural entities have gained in scientific respectability during the modern era. Habermas argues that the dichotomy within the established approach to global economic methodologies “Reflects a dualism in scientific methodology which is resolved only when the sciences bear the tension of divergent approaches under one roof, for in them the very practice of research compels reflection on the relationship between analytical and hermeneutic methodologies.”⁴ I mention Habermas in particular at this point because his input reflects a Neo-Kantian position on Critical Theory that furthers Kant’s ideas about “Discourse Ethics” and its role in promoting global stability.

The nature of today’s global economy demands that the established research methodology of economics be extended to take into consideration the role of normative principles, global governance and the institutions that establish normative policies. “Because institutions are no longer ignored, but instead are often the subject matter of the investigation, this approach incorporates many of the issues of concern to global political macro-sociologists.”⁵ The need for a more inclusive approach to political economy was made clear in Carl Menger’s elaboration of the necessity of including classical ontological and teleological perspectives (classical political economy) in shaping economic methodology. Menger—the father of Austrian School of Economic Thought—was also a specialist in political economy. Menger claimed that the science of economics should “No longer regard the objects of scientific observation as merely unrelated occurrences, but attempt to discover their *causal connections* and the laws to which they are subject.”⁶ In his later work *Problems of Economics and Sociology* he argued that a *Compositive Method* of analyzing utility, value and price is more comprehensive.

Menger argued persuasively that the usefulness of the *Compositive Method* is based on what it offers for discovering empirical laws about the relationship between the field of economics and overall social well-being. The *Journal of Economic Literature* claims that Menger’s Compositive Method is a very relevant warning, today, regarding the explanatory value and validity of much ‘positive’ or pseudo-positive macro-economics and macro-

³ Dow S. *Mainstream Economic Methodology: A Critical Survey* // Cambridge Journal of Economics. 1997. Vol. 21. Issue 1. P. 73.

⁴ Habermas J. *On the Logic of the Social Sciences* / transl. by S. Nicholson and J. Stark. Cambridge, Mass.: The MIT Press, 1988. P. 3.

⁵ Weingast B. & Wittman D. *The Oxford Handbook of Political Economy*. Oxford: Oxford University Press, 2006. P. 3.

⁶ Menger C. *Principles of Economics*. Auburn, Ludwig von Mises Institute, 2007. P. 56.

econometric model-building.”⁷ This more inclusive approach calls for consideration of how agent’s preferences shape international systems in a way that allows for interactions that are not only based on material capabilities (or power) but are also influenced by what has social meaning and social value for the participants. In other words the new approach to interstate relations is perceived as strategic interaction and ideational interdependence that results in “reconstructing” the notion of the international arena. In this regard agents define themselves in relation to others and in so-doing, they structure the terms of their relationship. Such a perspective is critical for redefining the theoretical scope of interstate relations. Contemporary Critical Theorists conceive of the international arena as bound together not only by Liberalism but by an interest in asserting certain principles that reflect the Constructivist perspective of international relations.

Critical Theorists point out that conventional economics planned on the basis of positivism as a methodological and epistemological preference leaves out the role of identities, culture and values. In addition there are shortcomings with an epistemology (built on “mathematic abstractions”) that is believed to offer a replica of ontology (the nature of social reality). While mathematical arguments alone might be relied upon to produce conclusions of high credibility, the prospects for such attainment when applied to the social realm are less reliable. Robert Gilpin points out that this approach to calculating economic development “Is purely materialistic and analyzes the world only in terms of technological forces, physical circumstances and other objective factors. This approach is overly deterministic and portrays a political world over which human beings have no control (or agency).”⁸

German Critical Theory engages a spectacular scope of concerns that include human rights, social relations, European-wide peace and cooperation, economics and politics. Some Critical Theorists have even engaged the vision of *The End of History* where the Enlightenment would give way to a *New World Order*. These progressive-in some aspects revolutionary-forms of Liberalism have a legacy that can be traced back to Immanuel Kant. That is to say that Kant’s *Critique of Pure Reason* can be said to reflect the beginning of a long line of German Critical Theories. Kant’s critique (partially in response to mercantilism) lays the foundation for the philosophical and ethical principles of Liberalism. However in a narrower sense German Critical Theory is associated with the works of Frankfurt School and a response to the writings of Karl Marx.

“Critical Theory emerged in connection with the many social movements that identify varied dimensions of the domination of human beings in modern societies. In both the narrow and broader sense, however, a Critical Theory provides the descriptive and normative bases for social inquiry aimed at decreasing domination and increasing freedom in all their forms.”⁹ Critical Theorists believe that the best results for improving the global condition are achieved by means of an interdisciplinary approach to international politics, global economics and the social sciences. Critical Theorists assert that such an approach not only makes substantial empirical contributions but, as well, provides relevant practical insights and is inclusive of culture, values and ethics. Critical Theorists promote the global employ-

⁷ Hochwald W. *Carl Menger and the Austrian School of Economics* // Journal of Economic Literature. 1974. Vol. 12. № 3. P. 905.

⁸ Gilpin R. *Global Political Economy: Understanding the International Economic Order*. Princeton, N. J.: Princeton University Press, 2001. P. 20.

⁹ Bohman J. *Critical Theory* // The Stanford Encyclopedia of Philosophy / ed. by Edward N. Zalta. 2010. P. 1.

ment of deliberative democracy as a means of determining the “global collective common good.” It is in this respect that Habermas has made some of his most significant contributions with his Neo-Kantian discourse ethics.

Given the emphasis on human beings self-creating the social realities they are confronted with the aim of Critical Theory is to transform capitalism into a consensual form of global social reality. Charles Taylor believes that by applying Critical Theory’s discourse ethics to global transactions the dualistic notion of “othering” in global multiculturalism will be minimized. Relationships built on deliberative democracy will reflect a “new kind of collective agency” where people are free because they themselves make the decisions contributing to their personal notions of what comprises the good life. Thus, even between different cultures it is possible to guarantee agents the freedom to form collective agreements. With such a constructive contribution to global political economy the global community reflects a socially constructed body of “Peoples” whose freedoms and rights are realized (and defended) together. “It defines a collective agency as a people whose acting together on the basis of their agreements preserves their freedom”.¹⁰

The criticisms of the free market system-triggered by Mercantilism, Protectionism and Economic Nationalism-can be identified as stemming from Collectivist (Marxists), and Critical Theorists (also the extreme version called Postmodernism). The clash in ideologies occurs because of the varying global conceptions of the relationship between the market and the state and the market and society. Although the perspectives of each are extremely different they all make reference to the problems of the free market as stemming primarily from the notion of power in intercultural relations and consequently in global economics. Through an analysis of the various critical perspectives of the free market it is possible to understand why the field of global political economy is emerging on the international scene as one of the new, significant fields analyzing global economics and the global arena.

Socialist Critical Theory developed primarily as a critique of “dialectical materialism” as the Marxists term their variation of the Hegelian theory. Much of the in-depth scholastic analysis of the Marxist critique of the free market during the last century centered on the Soviet criticism of capitalism. In recent years however the relevance of Russian rhetoric has been eclipsed by the sudden (perhaps even surprising) rise of China as a rhetorical counterbalance to capitalism. China is of particular interest because of its unique cultural as well as Marxist perspectives on Dialectics. China within the last thirty years has gone from being a developing socio-economic, cultural entity to becoming a recognized global superpower with its own unique economy.

Chinese Dialectics state that what can seem to be opposing forces are actually complementary forces. Thus, in terms of global political economy this would mean that thesis (Western Liberalism) in tension with anti-thesis (Eastern Communalism) has the potential to result in synthesis (more Constructivist and Soft Power approaches to the global future). That is, the progressive, Constructivist and Soft Power contribution to a more stable global future would be true if China adheres to the values inherent in its cultural heritage and if the West continues to comply with its own forms of *Normative Power*, *Smart Power* and *Negotiated Economies*. The typical Eastern worldview sees opposites as interdependent and complementary; they are coexistent in a relationship that forms an organic system whole. Thus from the standpoint of Chinese Dialectics the free market and centralized economic planning are seen as inter-related counterparts rather than as locked in a position of conflicting opposites.

¹⁰ Taylor C. Democratic Exclusion (and its remedies?) // Eurozine. 2008. № 3.

In the Chinese, Neo Confucian way of thinking norms, institutions and policies are not meant to constrain or dominate individual actions. Structures, institutions and governance are designed to regulate relationships between actors in such a way as to harmonize the endeavors of single actors with those of other individuals for sake of the common good. In Confucian terms this meant a character reflecting “Ren” (Ren is similar to Aristotle’s Virtue ethics). Ren is primarily associated with humanness but as Geert Hofstede points out (in terms of its impact on socio-economic development) it also reflects the effort of *not losing face*, a commitment to harmonious intersubjective interactions, respect for filial relationships and respect for tradition (authority).¹¹

Literature Review: Free Market Principles and Global Financial Interdependence

“In the real world-divided among many different and frequently conflicting groups and states- markets have an impact vastly different from that envisaged by economic theory and they give rise to powerful political reactions. In today’s business exchanges the distribution of benefits are determined as much by power as they are by the laws of the market.”¹² The discrepancy between the market’s theoretical ideals and the conflicting objectives evident in practice plus the aftermath of the global financial crisis have resulted in sharp criticism of the market as it actually operates in reality.

The Eastern and Western critics of the free market system point out that heretofore it has operated to create relative gain rather than mutual gain-resulting in a sharp divide between political Liberalism and economic Liberalism. The fact of global interdependence, the fact of a discrepancy between the proposed ideals of Liberalism and the way economic Liberalism actually operates, and repeated financial crises have called for renewed consideration of the role of global financial governance. Specifying ethical (or normative) principles that are in line with the new dimensions of global political economy demands addressing two foundational questions. Once these two questions are satisfactorily addressed, the focus of concern shifts to establishing appropriate normative language through which we may construct the ethics of business and trade.

The fundamental question is: on what ethical grounds ought corporate behavior and business conduct be subject to a regime whose concerns not only involve principles connected with the practice of good business but include moral and social responsibility? The second order question is concerned with: what language best articulates such ethical obligations-the language of corporate social responsibility, the new language of the knowledge economy, a language explicating the new theoretical insights of the information economy, the language of the network economy or a language expressing the new era of digitized international commercial communications?

M. Michaels, Senior Fellow at Harvard University, claims that in regards to the first question, the point is, that the most effective operating procedures for good business grow out of the point where rules and principles converge (regardless of whether they are of legal

¹¹ Hofstede G. & Bond M. H. *The Confucius Connection: From Cultural Roots to Economic Growth // Organizational Dynamics*. 1988. Vol. 16. Issue 4. P. 7–8.

¹² Gilpin R. *The Political Economy of International Relations*. Princeton, New Jersey: Princeton University Press, 1987. P. 22.

or ethical in nature). A particular prescription is located exactly at the convergence point where rules enhance certain freedoms and the point of widespread agreement on the rules necessary for creating certain qualitative results in corporate efficiency, effectiveness, and social responsibility.

Christian Arnsperger, a specialist in Economics and Social Ethics, sheds insight on this convergence point by proposing a unique Constructivist interpretation of *the invisible hand* that Adam Smith claimed shapes the moralization of market forces. Arnsperger asserts that agents intersubjectively construct the normative structures needed for making their interactions more profitable and mutually advantageous. "Procedural norms go in the direction of maximizing the possibilities for mutually beneficial market exchanges. Norms must be capable of creating a minimal initial congruence of divergent interests, and reinforce shared aspirations and perceptions."¹³ With such a Constructivist approach to shaping global economic normative policies the exclusive theoretical approach to economics will be replaced by an interactive approach. In this Constructivist vision norms are constructed deliberatively to shape market interactions into more profitable exchanges while employing principles that stabilize the global market.

Arnsperger believes that with this approach free market forces evolve into practices, principles and operative policies that are more progressive and advantageous in regard to the benefits for the overall global community. In the absence of any centralized normative authority global governance structures and norms take the form of institutionalized procedures for procuring the common good. Thus failures of the free market forces are less likely to be failures of the system but are more likely to be signals of the need to readjust or modify the normative policies necessary for shaping the relationship(s) into mutually beneficial outcomes. In this way ethical considerations will not be seen as imposing on or restraining market functions but will be regarded as reflections on the rational foundations of moral norms that facilitate the deliberative construction of improved intercultural interactions (socially, politically and economically).

The primary consideration as far as the free market is concerned is how to establish rules that do not inhibit the effectiveness of a competitive market to increase efficiency, creativity and innovation while promoting increased quality and effectiveness in ways that are sustainable. In other words "Regulations do not deal with ethical behavior directly. Regulations seek to foster conduct, not by requiring or prohibiting specific conduct directly, but by prescribing activity that may reasonably be expected to engender operating procedures based on the principles of good business practice."¹⁴

I argue that because of the extent to which global financial transactions have become electronic the appropriate answer to the second order question is that the language best for articulating the obligations of global normative principles is a language inclusive of the communication ethics that have been prompted by the new technological economic order. Recent theories exploring the impact of telecommunications on economics state that it significantly shifts the role of knowledge in production and in the shaping of power (political, economic and social).

¹³ Arnsperger C. Probing the Moralization of Capitalism Problem: Democratic Experimentalism and the Co-evolution of Norms // International Social Science Journal. 2005. Vol. 57. Issue 185. P. 436–437.

¹⁴ Michael M. Business Ethics: The Law of Rules // Business Ethics Quarterly. 2006. Vol. 16. № 4. P. 27.

Today's revolution in IT and communication technology potentially alter the way in which people in various institutions and systems across the globe transact business and communicate. The globalized economy, with increased cross-border alliances, ventures, global relocations and the advent of e-commerce has dramatically altered the way we think about business negotiations, intercultural communications and international relations. "One of the important governance consideration is the role of the new knowledge structures of power which need regulative intervention so that the link between governments, markets, consumers and technicians is facilitated in a way to safeguard and stabilize the global society."¹⁵ This means an appropriate response to the challenge for governance that institutes appropriate normative principles reflecting the new information technological influence on global commercial communications while continuing to institute ways to enhance market competition and promote important innovations.

Methodology

Joseph Stiglitz (recipient of the Nobel Memorial Prize in Economics) in his position as Senior Vice President and Chief Economist of the World Bank asserted that the incentive structure of the market motivated managers to speculate on short-term returns in spite of the risk of long-term downfalls. What Stiglitz points out is that under the current approach to economic calculations the assumed *payout is in no way connected with the benefits in terms of social returns—or even long-run profitability of the sector*. *As was evident in the aftermath of the last financial crisis the financial sector, individuals, and institutional incentives were misaligned. This caused failures that were not only borne by the financial systems but the burden was passed on to homeowners, retirees, workers, and taxpayers, and not just in this country but also around the world.*¹⁶

As the Bubble continued to expand I witnessed particularly in the former Soviet Union (the Baltic Region) a short-sighted effort to gain as much as possible as soon as possible. The incentive structures were at their worst, because compensation increased with stock prices, which provided incentives for management to provide distorted information that would result in higher stock prices. Markets can only work well with good information, and the banks' incentive structures encouraged the provision of distorted and misleading information. Stiglitz adds that the assumption that markets are Pareto efficient is taken for granted under the traditional economic view but called into question when there are market failures like we experienced with the recent financial crisis.

By maintaining a focus on only a limited subset of information the traditional model seemed to overlook the factor of incentives as a motivation for financial speculation. The market—as was proposed to operate in accordance with Adam Smith's admonition—would motivate producers to produce goods more cheaply and the incentive of the competitive free market would motivate innovative production behavior (in the effort to provide better quality at a cheaper price). Adam Smith believed that the incentive of the producer (increased

¹⁵ Singh J. P. *Negotiating and the Global Information Economy*. Cambridge: Cambridge University Press, 2008. P. 3.

¹⁶ Stiglitz J. *Incentives and the Performance of America's Financial Sector* // House Committee on Financial Services (Hearing on Compensation in the Financial Industry). Washington, DC, U.S. Government Printing Office, 2010. P. 3.

effectiveness, efficiency and profit) would work to the benefit of the consumer (resulting in individual interests aligned with social interests to create the common good). Thus in accordance with Smith's principles economies work best when private rewards and social returns are aligned.

Hans Kuhn believed that reality impacts the fundamental theoretical positions of science by posing an anomaly that cannot be reconciled within the established paradigm. This impels science to reconsider its basic paradigm in light of what is made evident by the imposition of reality. Stiglitz argues that the new *global information economy* represents such a fundamental change in the prevailing paradigm. "The new information paradigm undermines the foundations of competitive equilibrium analysis, the basic 'laws' of economics which include: the law of supply and demand, the law of single price, the law of the competitive price and the efficient markets hypothesis."¹⁷ Stiglitz asserts that the shortcoming of the prevailing view of global political economy has to do with what he calls *imperfect information*. According to Stiglitz the problem is due to the established methodological approach to global politics and economics which lack interdisciplinary inclusiveness (the lack of methodological inclusiveness results in what Stiglitz calls misinformation).

Uskali Mäki, editor for the *Journal of Economic Methodology*, states that a standard criticism of the neoclassical model is that it isolates factors that should be theorized. In other words a methodological approach that is unjustifiably narrow could produce theory that is unrealistic. The isolated factors could provide a 'missing element' which has to be theorized to understand significant factors influencing the system. "The idea that there is a way that the 'economic system works' suggest that the complaint about a missing element in theory is in effect a complaint about an indispensable missing link in the working of the real system."¹⁸ This leads Mäki to conclude that our "ontological constraints" limits our understanding of *The Way the World Works*.

The fact that academic economic methodology is not open to the descriptive and interpretive approaches of the social sciences-at a time when interdisciplinary research is more highly valued-results in an intellectual split in determining what is actually best for overall social stability. Lawson suggests that there is a misconception of power related to the study of economics with its epistemological perspectives centered on materialism. This leads to a practice where calculations are intended to increase material advantage (measured in terms not inclusive of community, culture, values and ethics). This has caused Tony Lawson to claim that "Contemporary academic economics, a project often acclaimed as the most scientific of the social sciences, is in a state of some confusion. Its 'theoretical models' are increasingly found to be irrelevant to real world matters. Such problems especially beset the rather dominant 'mainstream' or 'orthodox' project centering on economics and formalistic 'economic theory.'¹⁹

Lawson later, in *Reorienting Economics: Economics as Social Theory*, argues that the mainstream restrictive approach of mathematical-deductive modeling should be expanded to allow inclusiveness of heterodox economist theories that he refers to in his attempts to promote Critical Realism. This would help to eliminate the "agent-structure" discrepancy

¹⁷ Stiglitz J. Information and the change in the paradigm in economics // *New Frontiers in Economics* / ed. by M. Szenberg and L. Ramrattan. Cambridge: Cambridge University Press, 2004. P. 37.

¹⁸ Mäki U. *The Way the World Works* // *The Economic Worldview* / ed. by U. Mäki. Cambridge: Cambridge University Press, 2001. P. 381.

¹⁹ Lawson T. *Economics and Reality*. London: Routledge Publishing, 1997. P. 3.

(which is related to its “level of analysis” problem) which the established economic and international relations theories are burdened with. The fact of the shortcomings of misinformation given the established methodological approach imposes upon us a choice: to allow the narrow focus of economics to guide the evolution of the global society, and, as a consequence, abdicate our responsibilities for global political economy; or on the contrary to try and govern these forces which are at work in the globalization of the economy.²⁰

The increased fact of global economic interdependence results in a tendency to recognize that mutual risk necessitates two significant alterations in international economics and political relations: it has altered the motivational factors behind interactions plus it has altered discourse principles and patterns. The new demands of the information communication technology revolution has resulted in production challenges that require new means of normative structural constraints within which global agents can more effectively negotiate the global economic arena. Normative structures must be mindful of facilitating the new information age patterns of interaction and cooperate to make sure that the global age doesn't become a technological divide.

Conclusion

In terms of the moral principles underlying the practice of good business it must be kept in mind that Adam Smith on the basis of his providential naturalism (free market philosophy or the foundation of orthodox economic theory) envisioned that market forces would produce the common good. Recognizing the challenge of unenlightened self-interest Smith proposed a means by which market forces could result in mutual satisfaction for both the producer and the consumer. Von Neumann—without doubt the mathematician who has had the greatest influence on economics—verified the claim that the chances of achieving satisfactory outcomes in transactions increases when agents cooperate in a way that affirms Smith's moral assumptions. Von Neumann's contribution to “Game Theory” is verification that cooperating to produce mutual benefits increases the probability of market forces resulting in the common good. Game theory as a variation of the rational choice model is especially relevant because it shares a theoretical approach with a number of disciplines, but especially mathematics, economics, international relations and philosophy. Game theory assumes that agents negotiate in an attempt to maximize their pay-offs, while taking into account that their counterpart has the same intentions.

Smith recognized that the economic practices undertaken during Modernity were increasingly having world-wide impact that were resulting in interconnecting the interests of the various members of the global community (he spoke of how we are unavoidably side by side with the people from whom we buy our coffee, tea and bananas and to whom we sell them). He therefore concludes his chapter on colonialism with a critical summary of the mercantile system. Smith concludes that “To hurt in any degree the interest of any one person for no other purpose but to promote the interest of another, is evidently contrary to that justice and equality of treatment which the rule of law owes to all the different orders of society.”²¹

²⁰ *Rudd K.* Inserting a New Dialectic: Governance // Globalisation: Australian Impacts / ed. by Christopher Sheil. Sydney: University of New South Wales Press, 2003. Chap. 8.

²¹ *Smith A.* The Wealth of Nations. Books IV–V. London: Published by the Penguin Group, 1999. P. 238.

In terms of Smith's founding principles and ethics the free market would be a liberal market-coinciding with the principles of Liberalism. In addition to the free market Liberalism espouses human rights (the right of individuals-based on freedom of conscious-to decide what is in their best interest). Liberals believe that this basic freedom should not be interfered with by authority or by tradition. Those espousing Liberal economics believe that exchange has been basic to human interactions throughout history thus basic to human nature. Liberals believe that exchange continues to promote (as it always has throughout history) cooperation thus greater peace in an otherwise anarchical international relations system.

Milton Friedman so convincingly argued in this respect in *Capitalism and Freedom* that he influenced a more laissez-faire approach to the practice of business. Friedman's assumptions support the claim that trust within organizational structures works to create benefits that are similar to "academic freedom" in academia. Within organizations trust allows a certain amount of freedom and the freedom heightens creativity. As a result we gain increased efficiency, higher quality and lower cost. It is believed that the market forces (supply-demand and point of equilibrium) work in such a way that this approach to economics and freedom results in the common good. Friedman claimed that "Economic arrangements play a dual role in the promotion of a free society. On the one hand, freedom in economic arrangements is itself a component of freedom broadly understood, so economic freedom is an end in itself."²²

However repeated financial crisis (which were clearly resulting from unregulated laissez-faire capitalism, profit motives and the unconstrained pursuit of instrumental desires) continuously resulted in speculation, bubbles and global crisis. This caused a resurgence of the claim that unregulated markets are not self-correcting and they certainly do not reduce the distribution discrepancy. This resulted in sharp criticism of Liberalism's notion of free markets largely attributed to the market pessimist John Maynard Keynes. Keynes wrote about the problems of 'open' economies, particularly the problem of combining internal and external equilibrium. Keynes was a market pessimist in the particular sense that he did not believe that the economy was optimally self-adjusting macro-economically. Keynes concerns prompted the historical Bretton Woods Conference to establish the International Monetary Fund and the World Bank precedents for global regulatory bodies.

The resurgence of Neoliberalism (partially influenced by Post Cold War developments in Europe along with other forms of increased regionalism) has sparked greater confidence in the role of supra-national normative structures. These institutional structures are intended to provide a forum where participants can constructively dialogue on what will increase mutual benefits, improve relations and increase cooperation. Global information and communication ethics also foster the informational conditions that facilitate the flow of more accurate information and greater transparency. In other words, just as the "Principled" approach to negotiations-ushered in a whole new era of anticipating win-win outcomes for commercial transactions-the information economy is believed by liberals to be the ultimate market triumph ushering in a new age of global information economy.

The dichotomy once separating sustainable global economic development and a thriving free market is bridged by the new perspectives on global information or knowledge society and new outlooks on global discourse ethics. So while political economy pays attention to the way power is distributed across social and economic structures economic scholarship contributes by building on this new approach to global economics. Researchers must devise

²² Friedman M. *Capitalism and Freedom*. Chicago: The University of Chicago Press, 1962. P. 8.

a workable theoretical model that analyzes the interrelatedness of two networks of economic relations: the connection between the industrial producers of knowledge and the way that industry is impacted by institutional structures—as individual agents attempt to participate in the new knowledge based economy and source of empowerment.

The highly complex global environment is increasingly characterized as containing incalculable risks. In a concern to offset these risks there is emerging a strong interest in a constructive discourse that will facilitate stabilizing global social and economic interests. Because of the risk (or because of what is at stake for all of us) there is also now a need to reconsider basic assumptions regarding the motivation behind political and economic transactions. The new networks of interaction require new models (and norms) that will help states transcend the materialist emphasis that caused so much division, hatred, violence and destruction in the last century.

The incalculable risk and uncertainties connected with the global economic order raises the awareness that “what is at stake” for all of us (as a world community, nationally and individually) are shared or mutual concerns. The extent of the risks and uncertainties have generated concerns over how agents and normative systems can interact in such a way as to better manage information exchanges so as to enhance predictability and future outcomes. This article has highlighted the Neo-Kantian approach to Cosmopolitanism and Global Discourse Ethics as a strategy for reducing risk and uncertainty. The global appeal of Liberalism is in fact connected with its grounding in Kantian ethics (including Kant’s implications regarding human rights) and Neo-Kantian discourse ethics. This Neo-liberal approach to global political economy facilitates managing risks and uncertainties by its proven ability to transform self-interested preferences into a “bounded rationality”.

The discourse ethics that underlie this approach to global political economy asserts that the norms and other shared values shaped by agents during the course of deliberative interaction will manifest as knowledge of how to best manage the phenomena agents are challenged with. Discourse ethics advance a perspective on global political economy that emphasizes the importance of normative economics and positive economics plus the role of identity, culture and values in the constitution of action. The basic operating premise is that agents constructively constitute the norms, policies and structures needed to make their relationship more cooperative and beneficial. In other words discourse ethics are based on the Constructivist anticipation (in line with game theory and Principled Negotiations) that incalculable risk are best managed by agents seeking to improve the possibility of beneficial outcomes by cooperating to produce mutual gain.

This entails what experts of international relations are now referring to as “Normative Empowerment” which enables the participants to synthesize knowledge (scientific, cultural and economic) into normative principles prescribing actions that are best for helping the global community realize shared values. “Even the most powerful agents in the international arena are constrained by agreement to work through institutions, defined broadly as norm-guided social arrangements, since the rules and norms which constitute institutions are the medium that makes communication and coordinated action possible.”²³

The emergent forums of business ethics discourse rightly recognize the extraordinary complexity of creating morals by agreement that are intended to become the foundation of regulations for trade, commerce systems and practices for the foreseeable future. In today’s

²³ Porter T. Politics, Institutions, Constructivism and the Emerging International Regime for Financial Regulation // Review of Policy Research. 2002. Vol. 19. Issue 1. P. 57.

global political economy the incipient stage of global financial governance is partially an attempt to realize shared values by synthesizing diverse interests into a common goal—it does not mean the diminution of differences. The global governance body must constitute a tenable philosophy of business ethics discourse that promises to reconcile the dichotomy between economic practice and moral principles. Thus governance is intended as a “Process through which conflicting or diverse interests may be accommodated and cooperative action may be taken.”²⁴

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²⁴ *Kahler M. & Lake D.* Globalization and Governance // Governance in a Global Economy: Political Authority in Transition / ed. by M. Kahler and D. A. Lake. Princeton, New Jersey: Princeton University Press, 2003. P. 7.

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