
Preface

The dramatic opening and integration of the world economy over the last quarter century have undeniably advanced the welfare and living standards of billions of people around the world, especially its poorest citizens. But globalization has put new competitive pressures on workers and businesses, especially on the rich world's lower-skilled citizens. This poses challenges to policymakers seeking to address the grievances of those who are or feel left behind. The rapid rise of global financial flows has also contributed to financial crises in Asia, Latin America, Europe, and the United States over the same time frame, while fueling the investment required for growth. These capital flows have decreased the stability of asset markets, with tough conditions for small savers. Those challenges in turn have required some policy measures—including unprecedentedly large monetary and fiscal interventions—that have ignited fierce debates among the rescued and rescuers alike.

Over the years, in many of our books, papers, and projects, the Peterson Institute for International Economics has tried to assess these trends, understand their moral as well as economic weight, and convey the needed policy responses to the engaged public. Now in *The Great Tradeoff: Confronting Moral Conflicts in the Era of Globalization*, Steven R. Weisman undertakes a direct discussion of some of the pressing moral dilemmas posed by the increasing flows of goods, services, capital, technology, and even people across borders. The world as a whole and the majority of human beings are richer because of globalization, but the current state of distribution and the policies pursued remain open to question. Weisman asks whether the economic system has produced the right balance between preserving freedom in markets and fostering economic justice. He also examines whether rescuing market participants—whether individuals, institutions, or governments—from their reckless behavior to save the economic system as a whole is properly balanced with the

need for individuals to suffer risk as well as reward. Finally, he addresses the multifold moral dimensions of the debate over trade and investment liberalization—how to think about and balance the benefits to poor countries and to rich countries' consumers against the possible costs to the livelihood of less-skilled workers in rich countries.

The Great Tradeoff is an unusual book by an author who is experienced in bringing both economics to the public and broader concerns to economics. As the Institute's vice president for publications and communications, Weisman oversees the editing and production of the full range of PIIE publications. Before coming to the Institute in 2008, he served for many years as a correspondent for the *New York Times*, covering economic issues in New York, Washington, Tokyo, and New Delhi. He is the author of *The Great Tax Wars: How the Income Tax Transformed the Nation*. This volume combines economic and political analysis, history, moral philosophy, psychology, law, and basic journalism about how these moral issues are being debated around the world.

Weisman argues that while it is widely recognized how globalization has brought labor, capital, businesses, and occasionally countries into conflict as well as cooperation, the moral implications that arise from these encounters are less thoroughly explored and more politically salient than ever to sort out. The book further documents that throughout human history—indeed since antiquity and running through the Middle Ages and modern times—economic and moral issues have always been intertwined in public debate. Weisman concludes that it is as unreasonable to expect to live in a world of moral absolutes as it is to expect one or another economic interest to always be paramount. Sensible adjustments can be made in a given issue area, but none of these issues will ever be settled, certainly not to widespread satisfaction.

The Institute is grateful to the Stavros Niarchos Foundation for its generous support of this project, an ambitious risk jointly taken by the Foundation, the Institute, and the author. Earlier, the Institute held a high-level conference and published a collected volume on *Ethics and Globalization: The Tradeoffs Underlying Our Policy Choices*, with the Foundation's support. All of the participants that day contributed to the background for this book, and many of them generously provided comments and guidance on this work.

The Peterson Institute for International Economics is a private nonpartisan, nonprofit institution for rigorous, intellectually open, and in-depth study and discussion of international economic policy. Its purpose is to identify and analyze important issues to making globalization beneficial and sustainable for the people of the United States and the world and then to develop and communicate practical new approaches for dealing with them.

The Institute's work is funded by a highly diverse group of philanthropic foundations, private corporations, and interested individuals, as well as income on its capital fund. About 35 percent of the Institute resources in our latest fiscal year were provided by contributors from outside the United States. A list of all our financial supporters for the preceding year is posted at <http://www.piie.com/supporters.cfm>.

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The Institute hopes that its research and other activities will contribute to building a stronger foundation for international economic policy around the world. We invite readers of these publications to let us know how they think we can best accomplish this objective.

ADAM S. POSEN
President
November 2015