GLOBALIZATION

OUTCOME DOCUMENT

29. Globalization has presented new challenges for the fulfillment of the commitments made and the realization of the goals of the Beijing Conference. The globalization process has in some countries, resulted in policy shifts in favor of more open trade and financial flows, privatization of state-owned enterprises and in many cases lower public spending particularly on social services. This change has transformed patterns of production and accelerated technological advances in information and communication and affected the lives of women, both as workers and consumers. In a large number of countries, particularly in developing and least developed countries, these changes have also adversely impacted on the lives of women and have increased inequality. The gender impact of these changes has not been systematically evaluated. Globalization also has cultural, political, and social impacts affecting cultural values, lifestyles and forms of communication as well as implications for the achievement of sustainable development. Benefits of the growing global economy have been unevenly distributed leading to wider economic disparities, the feminization of poverty, increased gender inequality, including through often deteriorating work conditions and unsafe working environments especially in the informal economy and rural areas. While globalization has brought greater economic opportunities and autonomy to some women, many others have been marginalized, due to deepening inequalities among and within countries, by depriving them from the benefits of this process. Although in many countries the level of participation of women in the labor force has risen, in other cases, the application of certain economic policies have had a negative impact such that increases in women's employment often have not been matched by improvements in wages, promotions and working conditions. In many cases, women continue to be employed in low paid, part-time, and contract jobs marked by insecurity and by safety and health hazards. In many countries women, especially new entrants into the labor market, continue to be among the first to lose jobs and the last to be rehired.

30 ter. There is greater acceptance that the increasing debt burden faced by most indebted developing countries is unsustainable and constitutes one of the principle obstacles to achieving progress in people-centered sustainable development and poverty eradication. For many developing countries, as well as countries with economies in transition, excessive debt servicing has severely constrained their capacity to promote social development and provide basic services and has affected full implementation of the Platform for Action.

135(i) former 125 C. Identify and implement development-oriented and durable solutions which integrate a gender perspective to external debt and debt-servicing problems of developing countries, including least-developed countries, inter alia, through debt relief, including the option of ODA debt cancellation, in order to help them to finance programmes and projects targeted at development, including the advancement of women;

BETTY KING'S COMMENTS

"The United States understands that, as with the Beijing Declaration and Platform for Action, any commitments referred to in the Outcome Document for further actions and initiatives to implement the Beijing Declaration and Platform for Action attributed to States are (unless such States indicate to the contrary) not legally binding, and they consist of recommendations concerning how States can and should promote the objectives of the Conference. Therefore, these references to commitments constitute a general commitment to undertake meaningful implementation of the recommendations overall, rather than a specific commitment to implement each element thereof. ..."

"The United States must request that the record of today's proceedings reflect that the U.S. dissociates itself from the paragraphs in the Outcome Document currently number 29, 30 ter, and 135I, dealing with globalization and economic issues, and is generally concerned about the language in the document that deals with these issues. These paragraphs characterize globalization and debt as significant obstacles to achieving gender equality. It is our view that national governments bear the primary responsibility for social and economic development, and for ensuring equality for women in all walks of life. Most aspects of equality for women have no direct link to international economic and financial issues.

SECRETARY OF STATE'S SPEECH

"Together, we must strive to see that the benefits of globalization are shared not just by some people in some countries, but by all people in every country. As Hillary Clinton said on Monday 'when it comes to women, globalization should not mean marginalization.'

"Accordingly, we must redouble our efforts to make education and training in 21st Century skills more available so that poverty retreats and opportunity spreads around the equator and from pole to pole.

"We must also learn more about the positive and negative impacts of globalization and trade on the lives of women. Because we do not know as much as we should and, unless we learn more, we will not be doing as much as we should to ensure that trade works for all people."

FIRST LADY'S SPEECH

"Trafficking by organized criminal networks is one of the most tragic byproducts of the global marketplace. And it's a stark reminder that globalization can bring problems as well as promise.

"We know that in many places changes in technology and trade in the global economy have already brought new markets, new jobs, new trading partners and new ways of sharing information on everything from starting businesses to running for office, from passing legislation to organizing protests.

"But when it comes to women, globalization should not mean marginalization.

"And we have to acknowledge that the benefits of globalization have clearly not reached all people, including in my own country. Around the world, women make up 70 percent of those living in absolute poverty. Too many children are still exploited and abused in the new global workforce. If we are going to finish the work begun in Beijing then we must ensure that the new global economy does not push women down or leave them behind. …

…

"As UNIFEM has made clear, women's progress depends on economic progress. And microcredit is one of the most effective tools that we have at our disposal."
"And so if we are to finish our work, we have to make sure that women, too often shut out off from commercial banks credit, have access to the loans needed to turn their dreams and hard work into entrepreneurship and prosperity."

file globalization

A GLOBALIZATION SUMMIT

Peter D. Sutherland and John W. Sewell

Herald INTERNATIONAL Tribune

FINANCIAL TIMES

The New York Times

Frankfurter Allgemeine

Le Monde

TIME

論壇

ODC VIEWPOINT

O | D | C

January 1998

A Globalization Summit

Peter D. Sutherland and John W. Sewell

Asia's economic crisis is a chilling reminder that even the greatest beneficiaries of free market development are prey to the brutal way that markets settle accounts. From Thailand to the Philippines, problems in one economy expose the weaknesses in others, and national borders become irrelevant in containing the spread of a crisis that is truly global in impact.

We believe a carefully designed **Global Economic Summit** would be an important first step to deal with the challenges of *globalization*—the whirlwind of technological change and liberalized trade and investment that is bringing huge gains in communications and efficiency, and effecting huge shifts in wealth and production. What are globalization's true benefits and costs? Can our existing international arrangements deal with the stresses it produces?

Swift actions by the International Monetary Fund and the World Bank are welcome but represent only ad hoc responses. We propose a discussion by a representative group of world leaders to examine globalization's impacts, positive and negative, and to find ways to predict future crises and put effective mechanisms in place to handle these emergencies.

On balance, globalization's effects have been good. Spurred by unprecedented liberalization, world trade continues to expand faster than overall global economic output, unleashing a wave of productivity and efficiency that is creating millions of export-related jobs. Increased imports have created millions more jobs by delivering lower priced raw materials to places where they are scarce. Even more impressive has been the stunning increase in international investment. Since the mid-1980s, foreign direct investment (FDI) has been growing four times as fast as world trade. In the 1990s alone, foreign investors have poured $1 trillion into developing economies.

Yet, although globalization has raised living standards for many, its dynamism has made life more difficult for those dislocated by change and threatens to leave a significant part of the world behind.

It is no coincidence that the disappointing economic performance of most of Sub-Saharan Africa and other poor nations has occurred while trade and investment there have lagged behind the rest of the world. FDI has been surging for other nations, but new flows have barely increased in Africa, whose share declined from 10% of the total from 1987 to 1991 to 3.6% in 1996.

The Challenges of Globalization

The foremost challenge of globalization is to ensure that its fruits extend to all countries. Most forecasts say economic growth for the developed world will continue to slow in the next decade, and expanding markets in the developing world will be vital to ensure that living standards continue to rise. There are nearly 4 billion people who live in countries with a per capita GDP of less than $1,500 a year. The greatest promise of globalization is that it will help lift those people out of poverty and turn them into consumers.

The second challenge of globalization is the fear that the growth it brings is inherently and dangerously destabilizing. The financial crisis in Asia has amplified these fears. All too quickly this question degenerates into an argument between those who see markets as purely benign, and those who would blame markets for the predictable effects of deviating from market principles. For most, the costs of being left behind by globalization appear much greater than the potential costs of instability.

The third challenge is the concern growing in the developed world that the increased competition will result in a race-to-the-bottom. Despite the apparent benefits of globalization for wealthy nations, polls show a growing share of the public in the United States and Western Europe believes competition with developing countries is driving down wages and siphoning off jobs.

In the United States, the most important factor driving doubts about globalization has been stagnant wages for low- and medium-skilled workers. At the same time, vibrant growth in wages for high-skilled workers has led to a widening disparity in incomes.

The fourth challenge is to ensure that many problems complicated by globalized trade, investment, technology, and communication are not used to avoid the search for new ways to cooperate in the global interest.

Among these problems are environmental degradation, disease, migration, crime, and terrorism. Unlike the other challenges of globalization, these are all problems shared by the developed and the developing world.

Globalization of trade and investment has in some ways weakened the independence of national governments and made life less predictable for many individuals. But those who would use barriers to trade and investment to recapture an earlier era of independence confuse the cause and effect of globalization. In pursuit of higher living standards, we have created this new world of global markets and so that instantaneous communication to deliver gains in efficiency and competition beyond the power of national governments. The goal is not to disenfranchise the individual, but to lower costs, broaden choices, deliver more capital, and open more markets to give the individual more personal power—in a system that is rule-based and multilateral rather than unilateral.

This impulse led to the creation of the European Union, North American Free Trade Agreement, Association of Southeast Asian Nations, and Mercosur.

Why a Global Economic Summit?

We propose a summit representing the industrial countries, emerging economic powers, and countries facing marginalization, as a first step in addressing the challenges of globalization.

The existing international fora are clearly inadequate. The Group of Seven (G-7) summit is too narrow in its membership; the World Bank and IMF annual meetings too narrowly focused on finance; the yearly gathering of heads of state at the opening sessions of the U.N. General Assembly too ritualized.

That said, many policymakers view summit meetings as a waste of time. Much of this sentiment stems from the annual G-7 summit, a process that started losing momentum and sense of purpose more than a decade ago. The heads of state themselves have been calling for broadening, or narrowing, or outright canceling these get-togethers. G-7 governments have recognized the overwhelming importance of globalization in their agendas of recent years, but membership in the group has been too narrow to tackle these issues effectively.

Unlike the G-7 "economic" summit, which often focuses as much on immediate political and military matters as economics, this new summit would be more narrowly dedicated to the four challenges of globalization.

The summit would be a one-time event, hopefully to take place before the end of 1999. **It would not be a negotiation and would not supersede any existing forum.** Rather, it would be political in nature and informal in procedure, allowing government leaders maximum flexibility in discussing the challenges of globalization.

Unlike the G-7, a Global Economic Summit should include government leaders representing all regions and levels of development. About two dozen governments would be enough to allow broad participation, while small enough for all to have input. It might also be useful to include the heads of the World Bank, IMF, World Trade Organization, and United Nations.

The final agenda should be determined by the participating governments, but we suggest that a committee of "wise men" (and women) chosen by those governments to provide background for the discussions and to suggest the agenda subjects. This device has been used successfully before, most notably at APEC.

The agenda items should address the challenges of globalization described in this paper:

- Ensuring that the poorest countries are not marginalized by globalization;
- The fear that economic growth due to globalization is dangerously destabilizing;
- Growing fears in the developed world that globalization will lower living standards.

These questions and many more posed by globalization yield no easy answers. They represent some of the most difficult challenges facing our world and strain the abilities of national governments to confront them independently. A summit of world leaders may not solve any of these problems, but collective action can be a crucial first step in generating confidence that even the most daunting challenges can be surmounted when we work together.■

About the Authors

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John W. Sewell is President of ODC. He is the author of numerous articles and books on development and global issues. He is also Vice Chairman of the International Center for Research on Women and serves on the boards of the Bretton Woods Committee, and the advisory groups of World Resources Institute, The Carter Center, and InterAction.

This Viewpoint is distilled from a longer ODC paper, "The Challenges of Globalization," which was presented by Mr. Sutherland at the World Economic Forum at Davos, Switzerland, Jan. 29-Feb. 3, 1998. The full paper is available on ODC's website or can be obtained directly from ODC. Comments to: Sewell@odc.org

The Challenges of Globalization

O|D|C

Peter D. Sutherland and John W. Sewell

The following paper calls for a carefully designed summit of key world leaders to address the challenges of globalization.

Nineteen ninety-seven has ended with two of the most memorable events of the year, which may turn out to be two of the most important of the decade:

- the Asian financial crisis was a sobering reminder that even the greatest beneficiaries of free market development are not immune to the indifference with which markets settle accounts; and
- the Kyoto Conference on Global Climate Change showed the clear need for rich and poor to put aside their differences and see the self-interest in protecting our world from ecological catastrophe.

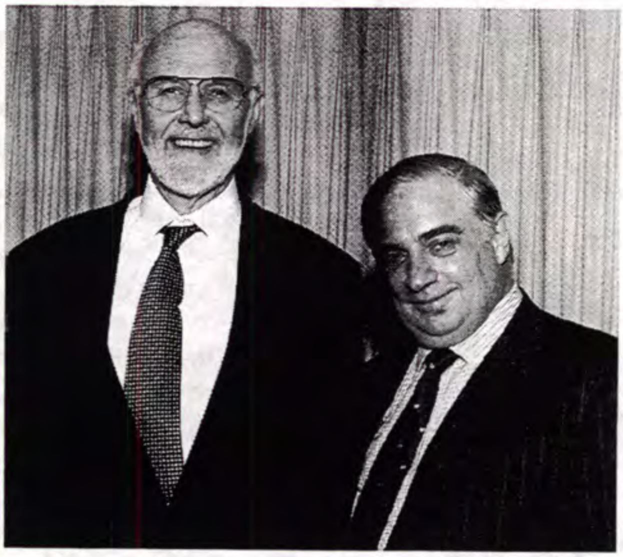
As different as these two events were, consider the similarities. In Asia, problems in one economy exposed the frailties in others, and national borders became irrelevant in containing the spread of the crisis. Geography quickly became irrelevant also, as nations very different and far removed from that region felt a compelling need to join the rescue effort.

In global warming, a preponderance of scientific opinion has presented us with a challenge that defies national boundaries and regional proximity. Climate change serves too as a great leveler, threatening in equal measure the subsistence farmer and the agribusinessman, the one who produces the grain and the one fortunate enough to eat it.

The common thread that connects these events is ***globalization***—the whirlwind of technological change and liberalized trade and investment that is bringing huge gains in communication and efficiency, and effecting huge shifts in wealth and production. It is no coincidence that globalization serves as such a connection because it is increasingly a force that touches almost every aspect of our daily lives. From the fresh fruit we eat, to the vehicles that carry us to work, sometimes even the electricity and telecommunications that light our homes and connect us with telephones and computers, globalization is creating competition, lowering prices, and sometimes confounding us with a dizzying pace of change.

Today, there is much debate about globalization's impacts: What do we really know about its effects? What are its true benefits? What are its costs? How do we deal with the stresses it produces? Can our existing international arrangements deal with those stresses?

We believe a discussion of these issues among a representative group of world leaders—**a GLOBAL ECONOMIC SUMMIT**—would be a useful way to begin grappling with these new critical challenges. Obviously we are not the first to propose such a summit



John W. Sewell, ODC President, and Peter J. Sutherland, ODC Chairman but the Asian crisis and the growing questioning of globalization's impacts make our proposal particularly timely.

On balance, globalization's effects have undoubtedly been extremely good. Spurred by unprecedented liberalization, world trade continues to expand faster than overall global economic output, unleashing a wave of productivity gain and efficiency that is creating many millions of export-related jobs. Increased imports have also created millions more jobs by delivering lower priced raw materials and other inputs to those places where they are scarce. Even more impressive than the growth in trade has been the stunning increase in international investment. Since the mid-1980s, foreign direct investment has been growing four times as fast as world trade. In the 1990s alone, foreign investors have poured $1 trillion into developing economies. China alone far outperforms much larger economies in attracting new flows of foreign capital each year.

From the fresh fruit we eat, to the vehicles that carry us to work, sometimes even the electricity and telecommunications that light our homes and connect us with telephones and computers, globalization is creating competition, lowering prices, and sometimes confounding us with a dizzying pace of change.

This investment is building roads, airports, power plants, and factories and providing local entrepreneurs with the capital they need to grow. In several poor countries, the forces of globalization are lifting living standards faster than many thought possible. Until recently it has taken two generations or longer for living standards to double in the most successful economies. In China, living standards are now doubling every decade.

Consider recent developments in telecommunications, one of the great engines of globalization. Services now constitute 70% of the GDP of developed countries and 40% in many developing countries. International trade in services is growing twice as fast as for goods, and virtually all of this trade is wholly or partly occurring through telecommunications. A long distance telephone call between New York and London costs a tenth what it did only ten years ago, and new technological advances are allowing Internet users to bypass long distance carriers altogether.

At the same time, privatization and liberalization of trading rules are forever changing the familiar image of the government-run telephone monopoly—in Europe, but also in Ghana, Argentina, and other developing countries. By 2000, the World Bank estimates that private lending will account for 55% of infrastructure spending for telecommunications. For telephone networks as well as for ports, highways, and other basic infrastructure, markets are replacing governments as the source of capital.

As indispensable as telecommunications has become for most of the world, the limitations of its reach are all the more jarring. As much as all the world seems "hard-wired" for the information age, there are 45 nations on our planet with fewer than one phone for every 100 inhabitants.

Globalization has raised living standards for many, but its dynamism has made life more difficult for those dislocated by change, and it also threatens to leave a significant part of the world behind.

It is no coincidence that the disappointing economic performance of most of Sub-Saharan Africa and other least developed nations has occurred at the same time that trade and investment there have lagged behind the rest of the world. While foreign direct investment has been surging for other nations, new flows have barely increased in Africa. As a result, Africa's share of new foreign investment declined from 10% of the total from 1987 to 1991 to 3.6% in 1996. The good news is that over the past two years Sub-Saharan Africa's trade with the rest of the world has increased at an annual rate of 10%, although it remains only 2% of total global trade.

■ **The foremost challenge of globalization is to ensure that its fruits extend to all countries and peoples.** Most forecasts hold that economic growth for the developed world will continue to slow in the next decade, and expanding markets in the developing world will be vital to ensure that living standards continue to rise. There are nearly 4 billion people who live in countries with a per capita GDP of less than $1,500 a year. The greatest promise of globalization is that it will help lift those people out of poverty and, at the same time, turn them into consumers who can afford to feed and clothe themselves and help build a better life for their children. In addition, this growth in the longer term can lead to greater political stability for the least developed nations and a safer world.

■ **The second great challenge of globalization is the fear that the growth it brings is inherently and dangerously destabilizing.** The financial crisis in Asia, involving some of the most formidable economic competitors in the world, has amplified these fears. All too quickly this question degenerates into an argument between those who see markets as purely benign, and those who would blame markets for the predictable effects of deviating from market principles. For most, the costs of being left behind by globalization appear much greater than the potential costs of instability, but this is a judgement that nations must make on their own. The larger question is one that governments of the most stable of developed nations cannot ignore: Can growth based more on international trade and investment than ever before continue when confidence in the very structure of the market is lacking?

Globalization has raised living standards for many, but its dynamism has made life more difficult for those dislocated by change, and it also threatens to leave a significant part of the world behind.

This crisis of confidence, it must be said, is not limited to the industrialized world.

■ **The third great challenge of globalization is the invalid concern growing in the developed world that the competition unleashed by global markets will result in a race to the bottom.** Despite the apparent benefits of globalization for wealthy, industrialized nations, polls show a growing share of the public in the United States and parts of Western Europe believes that competition with developing countries is driving down wages and siphoning off jobs—memorialized by H. Ross Perot's description of a "giant sucking sound."

In Western Europe, this opinion is being driven by chronically high unemployment and the belief that a new effort by governments to relax historically rigid labor rules is connected to increased competition from lower-wage countries. In reality, the adjustment has much more to do with deficit reduction connected to monetary union and the productivity gains needed to support Europe's aging population. Nevertheless, as these reforms go forward, apprehension about global competition will be a potent political force in many European countries.

In the United States, the most important factor driving doubts about globalization has been stagnant wages for low- and medium-skilled workers, which until last year had not risen in real terms since 1989. At the same time, vibrant growth in wages for high-skilled workers has led to a widening disparity in incomes. Although unemployment now is lower in the United States than it has been in a generation, a lack of education and work skills is denying many the ability to claim the higher-skill jobs being created, many of them in information technology. A recent study by the Institute of International Finance confirmed what previous research had found about the inexplicable growth in income disparity between low- and high-skilled workers—that technological change is the overwhelming reason, and that trade and international competition are minor factors.

Nevertheless, fears of globalization in the developed world have deepened, and a debate that was largely confined to the academy has now entered the political arena. This is most evident in the United States and France but is never far from the surface in the politics of any of the world's industrialized democracies. The implications of this are huge, because leadership from the developed world is vital to maintaining the global system of trade and investment. It is no exaggeration to say that a lack of leadership by the developed world would have allowed the recent turmoil in Asia to engulf the rest of the planet in a global recession.

The foremost challenge of globalization is to ensure that its fruits extend to all countries and peoples.

If the world is to confront the first two challenges of globalization—spreading its benefits to marginalized poor nations and buttressing the confidence in free market development among other developing countries—then the doubts about globalization in the developed world must be dispelled.

■ **Finally, the fourth great challenge of globalization is to ensure that many problems complicated by globalized trade, investment, technology and communication are not used to avoid the search for new ways to cooperate in the global interest.** Among these problems are environmental degradation, disease, migration, crime, and terrorism. Unlike the other challenges of globalization, these are all problems shared by the developed and the developing world, if not in equal measure. Simply put, the ability of the world to confront this set of new, post-Cold War challenges will depend on increasing global cooperation and maintaining an international consensus in support of globalized trade and investment. The interdependence of countries as disparate as Italy and Indonesia will help convince the leaders of both nations that they should work together to tackle global problems that amount to the side-effects of globalization.

In one way, the doubts about globalization being aired are part of a much larger debate about the nature of independence in an increasingly interdependent world.

Individual workers who are sacked at a time when their company and the national economy are both doing well naturally tend to blame competition from abroad. In an era when government no longer guarantees employment for large segments of an economy, the relationship between the individual and the state has fundamentally changed. Increasingly, a government's very ability to execute a particular fiscal or monetary policy is inhibited by the larger forces of globalization.

The ability of the world to confront this set of new, post-Cold War challenges will depend on increasing global cooperation and maintaining an international consensus in support of globalized trade and investment.

Some have responded to these observations by concluding that globalization is usurping the powers of national governments and that free markets are disenfranchising the individual. Some have declared the death of the nation-state and would recognize transnational corporations and large banks as the new co-rulers of our world.

There is no doubt that the globalization of trade and investment has in some ways weakened the independence of action of national governments and made life less predictable for many individuals. But those who would use barriers to trade and investment to try to recapture an earlier era of independence confuse the cause and effect of globalization. In pursuit of higher living standards, we have rationally created this new world of global markets and instantaneous communication to deliver gains in efficiency and competition that are beyond the power of national governments. The goal is not to disenfranchise the individual, but the exact opposite—to lower costs, to broaden choices, to deliver more capital, and to open more markets to give the individual more power to control his or her destiny—all in the context of a system that is rule-based and multilateral rather than unilateral.

The same forces that first led people to settle in towns and eventually led to the rise of modern states are now creating the need for new, more flexible forms of governance to help deliver the rising living standards that all people deserve. Is this some unknown form of world government? Certainly not—it is as familiar as the many cooperative efforts and institutions that we have come to take for granted in a modern world. On one level, it is the impulse that has led to the creation of the European Union, the North American Free Trade Agreement, and other regional economic groupings like the Association of Southeast Asian Nations or the Mercosur trading bloc of South America. But it is also the idea behind the proliferating number of international agreements that are adopting common standards for everything from electric light bulbs to computer networks. It is the basic institutions of the Bretton Woods system but also the more mundane cooperation among countries that allows an individual with a credit card to make a telephone call from almost anywhere in the world.

The Asia crisis shows that ad hoc responses to the urgent crises of globalization are increasingly costly. Cooperative efforts, overseen by the International Monetary Fund, have been organized by the major industrialized countries to help address this problem, but the Asia crisis has enlivened a discussion on the limitations of relying on an ad hoc approach in international financial emergencies and undoubtedly should lead to even closer monitoring and coordination among monetary authorities in the future. The greatest deficiency of an ad hoc approach to global challenges is that it tends to yield solutions devised in the heat of an emergency, instead of after careful deliberation, and at higher and higher costs.

Globalization already is forcing decades-old institutions to assume a broader and more authoritative role in world affairs. For 48 years, the trading nations of the world were well served by the General Agreement on Tariffs and Trade (GATT), which was nothing more than a compact among governments using consensus to lower tariffs and moral suasion to try to enforce basic trade rules. But the rapid expansion of trade and the need to address a widening circle of trade barriers beyond tariffs led the GATT countries to seek a stronger tool. In 1995, the GATT was reborn as the World Trade Organization, a full-fledged inter-governmental body with new authority to effectively adjudicate on trade disputes. This was an enormous step forward in the process of multilateralism.

Some of the challenges posed by globalization are so serious that they are leading to the creation of entirely new international processes and institutions. That is the case with global warming, a problem caused by development that is worldwide in its effects and also is prompting international cooperation to seek solutions. The 1997 Conference on Global Climate Change is merely the beginning of a long and admittedly uphill effort to fashion an international consensus on how to curb emissions of greenhouse gases.

WHY A GLOBAL ECONOMIC SUMMIT?

What set of problems is more daunting than those posed by globalization itself? The Asia crisis, global warming, and countless other international events that tax the resources of our governments can all be traced back to the four challenges of globalization identified in this paper. In fact, we are likely only at the beginning of experiencing the full impact of globalization, so these challenges will intensify and multiply. We propose a summit among a representative group of world leaders representing the old industrial countries, the emerging economic powers, and those countries that face the prospect of marginalization, as a useful first step in addressing the challenges of globalization.

The existing set of international fora clearly is inadequate. The Group of Seven summit is too narrow in its membership; the World Bank and the International Monetary Fund annual meetings are too narrowly focused on finance; the yearly gathering of heads of state at the opening sessions of the United Nations General Assembly is too ritualized in its activities.

That said, many policymakers tend to view summit meetings as a waste of time. The source of much of this negative sentiment is the annual Group of Seven economic summit, a process that started losing momentum and a sense of purpose more than a decade ago. For almost this long, the heads of state themselves have been calling for broadening, or narrowing, or outright canceling these get-togethers. In fact, the G-7 governments have recognized the overwhelming importance of globalization in their agendas of recent years, but membership in the group has been too narrow to tackle these issues effectively. Sheer economic size has become less important in measuring the impact of a nation on the world economy, and the end of the Cold War calls for a grouping not limited to the largest economies of the Western Alliance. With China likely to be the largest economy in the world by 2010, surely its involvement in such discussions is essential? Likewise the participation of Brazil and India is imperative.

The goal [of globalization] is not to disenfranchise the individual, but the exact opposite—to lower costs, to broaden choices, to deliver more capital, and to open more markets to give the individual more power to control his or her destiny—all in the context of a system that is rule-based and multilateral rather than unilateral.

Beyond the G-7, recent summits have been responsible for some very meaningful political developments. In November 1994, heads of state gathered in Indonesia for the annual summit of the Asia Pacific Economic Cooperation forum (APEC), and a month later President Clinton convened the first summit of Western Hemisphere nations in Miami. Despite stiff political opposition in many countries, both summits yielded pledges to reach comprehensive free trade agreements by a certain date, something that would have been impossible without the participation of the leaders.

Unlike the G-7 "economic" summit, which often focuses as much on immediate political and military matters as economics, this new summit would be more narrowly dedicated to the four challenges of globalization.

The summit would be planned as a one-time event, hopefully to take place before the end of 1999. *It would not be a negotiation and would not supersede or replace any existing forum.* Rather, it would be political in nature and informal in procedure, to allow government leaders the maximum flexibility in discussing the challenges of globalization. The overall goal would be to identify areas of common concern, to reach a basic consensus on the causes of globalization and on the best ways to jointly respond to its challenges, including an assessment of the adequacy of existing institutions and arrangements. The aim would be to move the existing international institutions to cooperate more closely, filling the gaps that would otherwise not be met by private investment and to improve overall policy coherence.

> *Unlike the G-7 "economic" summit, which often focuses as much on immediate political and military matters as economics, this new [Global Economic Summit] would be more narrowly dedicated to the four challenges of globalization.*

Unlike the G-7, a Global Economic Summit should include government leaders representing all regions and levels of development. While it might be desirable to invite all the world's national governments to discuss an issue with such broad implications, the logistics and sheer expense of the process alone require that participation be limited. In general terms, about two dozen governments would be the best number to allow broad participation, while preserving a size that is small enough such that all can have input. In addition, it might be useful to include the heads of the World Bank, International Monetary Fund, World Trade Organization, and United Nations.

Given the sensitivities of compiling a list of participants, it may be instructive to look at organizational schemes used in multilateral organizations. There are many formulas that could be followed. For instance, one model might be the membership of the Interim and Development Committees of the World Bank and the International Monetary Fund, which include almost all major powers, plus constituency representation for smaller countries. There undoubtedly are other models. In any event, participants would most likely include three groups of about eight nations each: all or most of the major industrialized countries; representatives of the newly industrialized or "emerging markets" nations; and representatives of the least developed countries threatened by marginalization. Priority also would be given to ensuring that five regions of the world are represented in roughly equal numbers: Africa, Asia-Pacific, Latin America and the Caribbean, North America, and Western Europe.

The final agenda should be determined by the participating governments, but we suggest that a committee of "wise men" (and women) be chosen by those governments to provide background for the discussions and suggest how the issues should be framed for an agenda. Acting independently and not as government representatives, this group of distinguished independent advisors would help inform the agenda and recommend specific actions to respond to the challenges of globalization. This device has been used successfully before, most notably in the APEC context.

Using a neutral group to lay out the issues is particularly important to ensure that the needs of *all* participating countries are addressed. For example, countries wishing to attract productive private investment will have to address how their own policies can be structured to provide the environment that is necessary to engage investors. Similarly, if industrial countries are to remain open to exports from emerging economies there will need to be discussion of a core set of labor standards flexibly keyed to the situations of individual countries, and on a similar pact on environmental protection related to expanding markets for trade and investment.

In general, the agenda items should address the challenges of globalization described in this paper.

ENSURING THAT THE POOREST COUNTRIES ARE NOT MARGINALIZED BY GLOBALIZATION

What are the causes of lagging trade and investment in Sub-Saharan Africa and other countries not benefiting from globalization? Should the developed countries unilaterally eliminate their restrictions on textiles and agricultural goods from these countries? Should developed countries encourage the manufacturing of other, higher-value goods, perhaps through the negotiation of comprehensive free trade agreements with the poorest countries? How can development aid resources be used to promote the effective integration of these countries into the global economy?

THE FEAR THAT ECONOMIC GROWTH DUE TO GLOBALIZATION IS DANGEROUSLY DESTABILIZING

How can continued opening of emerging economy markets be linked to mechanisms ensuring surveillance and regulation? Can we plan for early warning of future economic crises?

Is it advisable for dynamic, fast-growing economies to adopt short-term capital controls, or will this itself cause a decline in foreign investment?

GROWING FEARS IN THE DEVELOPED WORLD THAT GLOBALIZATION WILL LOWER LIVING STANDARDS

To what extent is competition from emerging markets actually restraining wage growth in the developed world? Are lower wages and higher productivity in the most competitive of developing countries actually overwhelming the huge productivity advantages of developed countries and thus lowering employment? What is the role of technological change in explaining wage rates and shifts in employment?

Collective action can represent a crucial first step to generate confidence that even the most daunting challenges can be surmounted when we work together.

Beyond wages, what is the impact of looser workplace standards in the developing world? How can the world address the issues of varying levels of environmental and labor regulation while not interfering in the comparative advantage of some nations that is the very basis on which trade takes place?

Does free market development necessarily lead to environmental degradation? Does the added growth provided by this development, and the ability of governments to finance environmental protection, keep up with the growing volume of pollutants generated by rapid economic growth? To what extent do rising living standards lead citizens of the developing world to demand greater environmental protection?

■■■

These questions and many more posed by globalization yield no easy answers. They represent some of the most difficult challenges facing our world and strain the abilities of national governments to confront them independently. A summit of world leaders may not solve any of these problems, but the recent Conference on Global Climate change shows that collective action can represent a crucial first step to generate confidence that even the most daunting challenges can be surmounted when we work together.

About the Authors

Peter D. Sutherland, Chairman of the ODC Board of Directors, is a general partner of Goldman Sachs and Chairman and Managing Director of Goldman Sachs International. He also is Chairman of British Petroleum, plc. A native of Ireland and a resident of Dublin, Mr. Sutherland was appointed Attorney General for Ireland at the age of 35. He was nominated in 1984 by the Government of Ireland as a Commissioner to the European Communities and served in Brussels until 1989 as the Commissioner responsible for competition policy, with additional responsibilities for social affairs, education, and subsequently, relations with the European Parliament. During the period 1989-1993, he served as Chairman of Allied Irish Banks and was on the boards of other companies. He relinquished these various posts in 1993 upon his appointment as Director-General of the General Agreement on Tariffs and Trade/World Trade Organization. Mr. Sutherland left his position with the WTO in May 1995 and joined Goldman Sachs later that year.

John W. Sewell has served as President of the ODC since 1980. Before joining ODC, he worked at The Brookings Institution and served in the Foreign Service of the United States and at the Department of State. In addition, Mr. Sewell is Vice Chairman of the International Center for Research on Women and serves on the boards of several organizations, committees, and panels including the Bretton Woods Committee, World Resources Institute, The Carter Center, and InterAction. He has written and edited numerous articles and books on development issues and the relationship between the United States and the developing countries, including *Challenges and Priorities in the 1990s: An Alternative U.S. International Affairs Budget FY1993*, *United States Budget for a New World Order: Promoting National Security and Advancing America's Interests Abroad FY1992*, and *Growth, Exports, and Jobs in a Changing World Economy: Agenda 1988*.

■ *Overseas Development Council, January 1998*

About the ODC

ODC is an independent, international policy research institution that seeks to improve decision making on multilateral cooperation in order to promote more effective development and the better management of related global problems. Its program focuses on the interrelationship of globalization and development and improved multilateral responses to these linked challenges.

To that end, ODC:

- *provides analysis, information, and evaluation of multilateral policies, actions, and institutions;*
- *develops innovative ideas and new policy proposals; and*
- *creates opportunities for decision makers and other interested parties to participate in unofficial, informal discussions of major international issues and decisions.*

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The New York Times

SATURDAY, MAY 16, 1998

EDITORIAL

An Exclusive Economic Summit

This weekend's meeting in Britain of leaders from industrialized countries is dealing with the crisis in Indonesia and the economic tribulations of other Asian nations. But only one Asian country, Japan, is represented. Fighting international crime and increasing the jobs that globalization creates are also on the agenda. But the countries most affected by these issues are absent. It is useful to have an annual summit where leaders can talk about solving global problems. But that gathering can no longer exclude the developing world.

The G-7, which since the addition of Russia is also known as the G-8, has changed since its creation in the early 1970's. It was initiated by the finance ministers of France and Germany to talk about world economic problems like the oil crisis and the collapse of the fixed-rate monetary system created after World War II. Presidents and prime ministers started attending in 1975. Until last year the group included the United States, Britain, Canada, Italy, Japan, France and Germany. But then Russia was added, a concession designed to soften the blow of NATO expansion. The forum has gradually become more choreographed and the retinue of aides grows each year. It has also broadened its focus to political problems. This weekend, India and Kosovo are on the agenda. The meetings end with announcements about the consensus reached — often cosmetic — and all the leaders get their picture taken, last time in cowboy gear. In short, not much is done.

The G-8 would be more useful if, as Prime Minister Tony Blair of Britain has suggested, it were less formal, leaving more time for discussion about the trade-offs necessary to achieve common goals. But the main problem with the forum today is that the issues it deals with reach far beyond its members. Crime, drugs, the environment and trade are all issues where the policies of China, Uganda, Brazil, South Africa, Mexico or India can be as important as those of most G-8 members.

Limiting the G-8 also leaves important new problems without a flexible forum for informal discussion. The United Nations is too ritualized to deal effectively with problems like disease, migration and extending the benefits of the global economy to nations now excluded. The Overseas Development Council, a Washington-based think tank, usefully suggests a global economic summit, with a small group of leaders of developed and developing nations, to discuss these issues. The G-8 would be more useful if it could replace a few hundred aides with a few more leaders, and let them talk without a script.

Le Monde

VENDREDI 7 AOÛT 1998

Pour un sommet sur la mondialisation

par Peter D. Sutherland et John W. Sewell

L'HEURE est venue de repenser sérieusement la façon dont les institutions internationales et les dirigeants nationaux font face aux tensions et aux contraintes que crée la mondialisation. La crise économique en Asie montre que les actions *ad hoc* du Fonds monétaire international et de la Banque mondiale sont par définition des mesures isolées, temporaires, souvent nécessaires, souvent efficaces.

Au sein du Conseil pour le développement outre-mer (CDO) (The Overseas Development Council), nous pensons que seul un sommet soigneusement préparé sur la mondialisation peut ouvrir la voie à des mesures à long terme qui anticiperont et empêcheront les crises à venir.

Le sommet du G8 qui se tiendra l'an prochain en Allemagne devrait programmer une telle rencontre. Et la France, en raison de ses liens historiques avec les pays en voie de développement, a un rôle majeur à jouer dans la promotion de cet événement.

Nous commençons seulement à ressentir tous les effets de la mondialisation – ce maëlstrom du commerce, des investissements et des changements technologiques qui construit en un jour une économie, et la fait dépérir tout aussi vite.

Globalement, les effets de la mondialisation sont des plus bénéfiques. Stimulé par une libéralisation sans précédent, le commerce mondial continue de progresser plus vite que la production économique à l'échelon de la planète – ouvrant les vannes à une productivité et à une efficacité créatrices de millions d'emplois. Plus impressionnante encore est l'étonnante progression des investissements au niveau international pour la construction de routes, d'aéroports et d'usines dans les pays pauvres. Durant les seules années 90, les investisseurs étrangers ont déversé 1 000 milliards de dollars dans les pays en voie de développement. Ce commerce et ces investissements élèvent le niveau de vie de certaines nations plus vite que beaucoup ne le croyaient possible.

Mais, si la mondialisation accroît le niveau de vie de nombreuses régions, elle les rend aussi plus vulnérables à la volatilité des capitaux, rend plus dure la vie de ceux que les changements déroutent, menace enfin de laisser loin derrière toute une partie du monde. Ce n'est pas un hasard si les résultats économiques décevants de la majorité de l'Afrique subsaharienne interviennent alors que le commerce et les investissements prennent du retard dans ces pays.

Le premier défi de la mondialisation est d'assurer une répartition de ses bénéfices à tous. La plupart des prévisions indiquent que la croissance économique continuera de se ralentir dans le monde développé, et que l'expansion des marchés dans les pays en développement doit continuer de faire progresser le niveau de vie. Quatre milliards d'hommes et de femmes vivent avec moins de 1 500 dollars par an. La mondialisation peut les sortir de la pauvreté et faire d'eux des consommateurs.

Le second défi de la mondialisation réside dans la crainte que la croissance dont elle est porteuse ne soit déstabilisante. La crise asiatique, en menaçant certaines des économies les plus fortes au monde, intensifie ces peurs. Reste que se laisser distancer constitue dans l'ensemble un risque bien plus grave que ne l'est celui de l'instabilité.

Un troisième défi concerne l'inquiétude, parmi les nations les plus riches, que la concurrence internationale n'opère un nivellement par le bas. La preuve est bel et bien faite que c'est tout le contraire qui se produit, et que la stagnation des salaires aux Etats-Unis, comme le chômage en Europe, ont d'autres causes – les changements technologiques, une mauvaise formation professionnelle et le vieillissement de la force de travail. Mais les urnes le montrent, de plus en plus de citoyens s'en prennent au commerce et aux investissements, ce qui sape l'autorité requise pour apporter des soutiens à l'Asie et régler d'autres questions à l'échelon mondial.

Le quatrième défi de la mondialisation est lié aux problèmes que complique l'expansion du commerce, des investissements, de la technologie et de la communication : dégradation de l'environnement, maladies, flux migratoires, criminalité et terrorisme. La capacité à faire face à ces quatre défis de l'après-guerre froide dépendra d'une meilleure coopération internationale.

Sans aucun doute, la mondialisation du commerce et des investissements a réduit l'indépendance des gouvernements et rendu l'existence moins prévisible à beaucoup d'individus. Mais ceux qui veulent dresser des barrières au commerce et aux investissements pour tenter de retrouver l'indépendance d'autrefois confondent la cause et l'effet. En cherchant à élever le niveau de vie, nous avons créé ce monde nouveau des marchés mondiaux et de la communication instantanée qui a gagné en efficacité et en compétitivité – surpassant les pouvoirs des gouvernements. L'objectif n'est pas de priver l'individu de sa liberté, mais l'exact opposé : abaisser les coûts, élargir les choix, distribuer plus de capitaux et ouvrir plus de marchés, permettre à chacun, enfin, de mieux décider de son destin.

Le CDO propose la tenue d'un sommet qui réunirait les dirigeants de plusieurs pays représentant à la fois les vieilles nations industrielles, les puissances économiques émergentes et les Etats confrontés à la marginalisation. Ce serait un premier grand pas pour faire face au défi de la mondialisation.

Les instances internationales existantes ne sont pas adaptées. Le sommet du G8, qui regroupe les huit pays les plus industrialisés, est trop limité dans sa représentation ; la Banque mondiale et le FMI sont trop orientés vers les questions financières.

Nombreux sont ceux, nous le savons, qui voient dans les sommets une perte de temps. Ce sentiment est en grande partie lié au rendez-vous annuel du G8, qui a commencé à perdre de son sens voilà dix ans. Mais d'autres rencontres ont donné des résultats lorsqu'elles traitent de sujets spécifiques. Ainsi, en 1994, la réunion des dirigeants de la zone Pacifique, qui a lancé les négociations sur le libre-échange.

Le sommet que nous proposons serait un événement ponctuel, que nous espérons tenir avant la fin de 1999. Cette rencontre, qui ne serait pas une négociation, ne se substituerait à aucun autre forum.

A la différence de celui du G8, le sommet sur la mondialisation réunirait des pays représentant le monde entier, à tous les niveaux de développement. La présence d'une vingtaine de dirigeants permettrait à la fois une large participation et une implication de chacun dans le débat.

Le programme définitif relèverait des gouvernements participants. Mais nous proposons la création d'un comité de « sages » choisis par ces gouvernements, qui leur soumettrait un ordre du jour abordant les quatre défis esquissés plus haut.

Il n'y a pas de réponses toutes prêtes à la mondialisation. Les questions qu'elle pose sont des plus difficiles à dénouer pour des gouvernements œuvrant chacun de leur côté. Un sommet sur ce thème ne résoudra pas tous les problèmes, mais l'action collective peut constituer un progrès décisif, en engendrant la confiance qui permet de surmonter les défis les plus audacieux.

Ceux qui veulent dresser des barrières au commerce et aux investissements pour tenter de retrouver l'indépendance d'autrefois confondent la cause et l'effet

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Peter D. Sutherland est *président du Conseil pour le développement outre-mer (CDO) (The Overseas Development Council) et de Goldman Sachs International. Il a été directeur général du GATT (Accord général sur les tarifs et le commerce) et commissaire européen.*

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(Traduit de l'anglais par Sylvette Gleize)

Herald INTERNATIONAL Tribune

Wednesday, May 20, 1998

EDITORIALS/OPINION

A Globalization Summit

By John W. Sewell and Michael H. C. McDowell

WASHINGTON — The Group of Eight leaders discussed the problems of globalization at their recent summit meeting, but what the world really needs is a much more inclusive and focused meeting to deal with this issue.

Globalization is now too large a topic for the G-8 leaders. They no longer dominate the global economy and are only part of this essential debate. What is needed is a one-time "globalization summit" of two dozen representative heads of state or government from the old industrial countries, the emerging economic powers and the most vulnerable nations.

We must maximize the undoubted benefits of globalization and, at the same time, buffer its costs for those states that risk exclusion from the globalized economy. We must respond decisively when globalization's dynamics throw entire economies into a tailspin.

We have seen ad hoc, last-minute action to deal with Asia's economic crisis but no coherent, directed discussion among political leaders and no clear plan to avoid another debacle. The next crisis might be just around the corner and the world is not ready to deal with it.

The emerging economic powers, as well as the weaker ones, are boosted or weakened by the highs and lows of global market swings. It is in the interest of the world community to include these countries in any meeting on globalization.

Globalization is inevitable and can be a highly positive phenomenon that, with wise policies and tough choices, can lift all boats — but we need a system in place to handle its negative aspects, anticipate its dynamics and harness those dynamics to serve all countries, not just the "haves." We must ensure that the benefits of globalization reach all, creating greater wealth for all. If the poorest countries are unable to reap the benefits of globalization, then we are all poorer.

Poverty leads to conflict, social unrest and disease. It is economic dynamism, through global markets, that provides the resources to attack poverty. Booming international trade can help bolster the new economic powers, emerging market states and even poor regions such as sub-Saharan Africa. Future growth in the old industrial economies depends on new markets.

A globalization summit meeting obviously must address questions of international financial reform. But it also must address broad issues such as:

- The link between workers' rights and further trade liberalization.
- The stalemate on global warming.
- Global health challenges, from new epidemics like AIDS to old threats like malaria.

Mr. Sewell is president and Mr. McDowell is a fellow of the Overseas Development Council, an international policy research institute. They contributed this comment to the Herald Tribune.

ODC in the News

A COMMENTARY FOR "MARKETPLACE"

by John W. Sewell
President, Overseas Development Council

Friday, May 19, 1998
Produced by USC Radio, Los Angeles
Distributed nationally by Public Radio International

MARKETPLACE

After World War Two, there was a grand social bargain between workers and employers in North America and Western Europe. The social peace which flowed from that bargain guaranteed two things: first, the basic right of labor to organize; and second, the establishment of social safety nets.

Under the bargain, workers got steady increases in wages and benefits. In exchange, they supported free trade across the Atlantic.

But now, dozens of countries and billions of people are involved. Today globalization transfers production, capital, and labor across borders far more widely and quickly than ever before. It's shredding much of the old social bargain. The big reason? Global markets are impatient with governments that don't manage social and economic matters according to the wishes of investors. And investors prefer lean and mean governments that don't tax, regulate, and interfere with profits.

That's making life increasingly hard on workers in Detroit, Düsseldorf, or Delhi and is eroding support for globalization.

We have to start working on a new social bargain. The world needs a carefully designed summit conference on globalization that gathers the leaders of the world's economies—developed and developing, big and small.

At Birmingham, President Clinton should call for such a Globalization Summit in 1999.

From Washington, I'm John Sewell for Marketplace.

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ODC in the News

NEEDED: NOT A G-7 SUMMIT— A GLOBALIZATION SUMMIT

Friday, May 19, 1998
A nationally broadcast "Commentary" by John W. Sewell, President, ODC for the Canadian Broadcasting Corporation (CBC)

Observers will note a paradox when the leaders of the industrial world meet in Birmingham this week. The G-7 leaders will discuss the problems of globalization. But they represent just seven nations. They no longer dominate the global economy. Globalization is simply too large a topic for them alone.

Globalization is the whirlwind of technological change and liberalized trade bringing huge gains in communications and efficiency and causing huge shifts in wealth and production.

We must maximize globalization's undoubted benefits—but we must also buffer its costs particularly for peoples who risk exclusion from the globalized economy. And we must respond decisively when globalization's dynamics throw entire economies into tailspin.

We have seen ad hoc, last-minute action to deal with the Asian economic crisis. There's been no coherent, directed discussion among political leaders; no clear plan to avoid another calamity. As the current emergency lessens, complacency and inertia have set in.

But the next crisis may be just around the corner, and the world is not ready to deal with it.

One first step to deal with future crises would be a **one-time Globalization Summit**. Instead of seven, there would be two dozen representative heads of state or government from the old industrial economies, new emerging economic powers, and the most vulnerable nations.

The emerging economic states, the weaker ones, are most boosted, or weakened, by the highs and lows of global market swings. It's in everybody's interest to make sure these nations are present when globalization is on the table. It's not a question of North versus South, or winners versus losers. It is quite literally . . . the future of the world.

Globalization can lift all economic boats. But we need a system to handle globalization's dynamics and harness that energy to serve all countries, not just the powerful.

If the poorest countries can't reap the benefits of globalization, we are all poorer. Poverty foments conflict, social unrest, and disease. Economic dynamism through global markets, joined with a concern about fairness, attacks poverty. Booming international trade can bolster emerging market states, and even poor regions such as Sub-Saharan Africa. Future growth in the old industrial economies depends on new markets.

A Globalization Summit should address questions of international financial reform.

But a Globalization Summit's greatest opportunity would be in tackling other critical issues—those that require decisions at the political level not among technocrats:

- the link between workers' rights and further trade liberalization;
- breaking the stalemate on global warming;
- the health challenges of a globalized economy, ranging from AIDS to resurgent malaria.

Of course, the G-7, or any other exclusive group, isn't going to resolve all these problems. The original idea of summits was to have leaders "educate themselves" on critical matters and provide time, not only to talk together about the *politics* of the issues, but about *substance.* Today, the G-7 summits provoke yawns, with predictable communiqués often written weeks in advance.

This week, in Birmingham, the G-7 leaders should break this depressing cycle, have the courage to recognize their limitations, and propose a Globalization Summit before the end of this decade. ■

John W. Sewell is President of the Overseas Development Council, an international policy research institute based in Washington, DC.

THE CHRISTIAN SCIENCE MONITOR

Wednesday, January 6, 1999

A global economic summit?

DAVID R. FRANCIS

JOHN SEWELL HAS set himself an ambitious task: persuade the world's most powerful national leaders that they need a global economic summit.

Leaders of the key industrial nations already get together once a year as the Group of Eight. This was the Group of Seven until Russia joined recently. Their next session is in Cologne, Germany, in June. Mr. Sewell, president of the Overseas Development Council in Washington, says a broader group is necessary to deal with the problems of globalization. His idea is that the heads of government of China, India, Brazil, and representative nations of other parts of the world should join with the G-8 leaders just before or after the June summit.

With about 24 leaders altogether, the meeting size would permit real discussion, Sewell figures. Three topics would be on the agenda:

1. The design of a new international financial "architecture" – a term used by President Clinton – aimed at ensuring growing world prosperity.

2. A new agenda for encouraging expansion of world trade. For the last two years, Congress has not given the Clinton administration the necessary tool – "fast-track legislation" – that would enable the US to lead new efforts to trim trade barriers.

3. More effective measures to shield vulnerable countries and peoples from "economic shocks." In other words, a method to avoid a new crisis like that in Asia.

Sewell knows that without United States' support his proposal is dead. "If the White House doesn't want to play, nothing will happen," he says. But the lanky think-tanker hopes Clinton will seize the idea "as a fitting capstone for his last two years in office."

Sewell has some things going for a global economic summit. One is that it is a joint proposal with Peter Sutherland, who used to head the World Trade Organization in Geneva and now is an investment banker. Mr. Sutherland knows personally a lot of powerful people in the world.

Another, perhaps, is that Michel Camdessus, managing director of the International Monetary Fund (IMF), proposed something similar last April in a London talk. The G-8 summiteers, he suggested, should invite a group of other national leaders to join them every other year to talk about world economic affairs. Sewell thinks the global economic summit should not be just an appendage of the G-8. Non-G-8 nations are becoming more important economically. They want that recognized.

Another favorable element is the Asia crisis itself. It has opened up discussion of a host of new refinements for the international economic and financial system. Then Mr. Clinton himself spoke at the annual meeting of the IMF in October of the need "to renew the institutions of international finance so they reflect modern economic reality."

Just last month, Gordon Brown, Britain's chancellor of the exchequer, said at Harvard University: "Our aim must be an international financial system for the 21st century that recognizes the new realities – open not sheltered economies, international not national capital markets, global not local competition."

Sewell and Sutherland have campaigned for their idea for more than a year. They have had opinion articles or other coverage in prominent publications in France, Germany, Britain, Italy, and the US, including this newspaper. Thus their proposal has become familiar, at least to the interested.

Now the two are busy presenting their proposal to key governments. Of course, world economic affairs are already discussed elsewhere. The executive board of the IMF, for instance, is talking about a new facility that could dispense loans rapidly to avert another financial crisis.

To Sewell, world economic issues must be raised to the political level of national leaders. It is they who have responsibility over the full range of challenges and opportunities created by globalization. They could set an agenda for actual negotiations at the ministerial or lower levels of government.

Will a global economic summit happen?

Sewell doesn't know. "Perhaps I'm tilting at windmills," he says.

■ *David R. Francis is senior economic correspondent for the Monitor.*

Frankfurter Allgemeine
ZEITUNG FÜR DEUTSCHLAND
SATURDAY, MAY 16, 1998

FREMDE FEDERN: *John Sewell und Michael McDowell*

Birmingham und die Globalisierung – es fehlen die Mitspieler

In dieser Woche werden die Staats- und Regierungschefs der G-7 auf ihrem Gipfeltreffen in Birmingham über die Globalisierung sprechen. Was die Welt aber wirklich braucht, ist ein Gipfel, der wesentlich mehr Staaten einschließt und der sich ausschließlich auf das Thema Globalisierung konzentriert.

Die Globalisierung ist mittlerweile zu umfassend geworden, als daß es allein von den G-7 behandelt werden könnte. Sie dominieren die Weltwirtschaft nicht mehr und sind nur ein Teil der entscheidenden Debatte. Wir schlagen daher einen „Globalisierungs-Gipfel" vor, an dem zwei Dutzend Staats- und Regierungschefs sowohl der alten Industrieländer als auch der aufstrebenden Schwellenländer sowie der wirtschaftlich schwächsten Staaten teilnehmen sollten.

Denn nicht nur die älteren Wirtschaftsmächte, sondern auch die neueren und die ärmsten Länder profitieren von der Globalisierung; können durch sie aber auch am meisten verlieren. Ihre Teilnahme an einem Globalisierungs-Gipfel 1999 wäre von entscheidender Bedeutung. Die Herausforderungen der Globalisierung nehmen zu: Ein nie dagewesener technologischer Wandel und die Liberalisierung des Handels haben einen Sturm entfacht, der enorme Verbesserungen der Kommunikationswege und der Effizienz mit sich bringt und zu gewaltigen Verschiebungen von Wohlstand und Produktion führt.

Wir müssen die Vorzüge, die die Globalisierung mit sich bringt, maximieren und gleichzeitig die damit verbundenen Kosten für diejenigen Staaten dämpfen, die Gefahr laufen, aus einer globalisierten Wirtschaft ausgeschlossen zu werden. Wir müssen entschlossen eingreifen, wenn die Dynamik der Globalisierung ganze Wirtschaftssysteme ins Wanken bringt. Zwar wurde im Falle der Asien-Krise kurzfristig gehandelt; doch es gab weder eine zielgerichtete Diskussion zwischen den politischen Führern, noch wurde ein eindeutiges Aktionsprogramm ausgearbeitet.

Die Schwellenmächte wie die schwächeren Länder erleben einen Aufschwung, aber auch eine Schwächung durch globale Marktschwankungen. Die Teilnahme dieser Staaten an einer Globalisierungskonferenz liegt somit im Interesse der Weltgemeinschaft.

Die Globalisierung ist unumgänglich. Aber wir brauchen ein System, nach dem ihre negativen Begleiterscheinungen bekämpft werden können und mit dessen Hilfe man ihrer Dynamik zuvorkommen und sie für alle Länder nutzbar machen kann. Wir müssen sicherstellen, daß alle von der Globalisierung profitieren, indem wir mehr Wohlstand für alle schaffen. Wenn die ärmsten Länder nicht in der Lage sind, die Früchte der Globalisierung zu ernten, dann sind wir alle ärmer.

Ein Globalisierungsgipfel , wie ihn Peter Sutherland, der Vorsitzende des ODC, in diesem Jahr vorschlug, hätte sich unbedingt mit Fragen einer internationalen Finanzreform zu befassen, mit Überwachung, Transparenz, Regulierung, Aufsicht und moralischen Risiken. Es ist unerläßlich, eine Übereinkunft darüber zu erzielen, wie man einer Überhitzung der Märkte begegnen und nationale und regionale Wirtschaftssysteme vor dem Absturz bewahren kann.

Ein Globalisierungsgipfel muß sich auch mit weit umfassenderen Themen befassen, mit dem Zusammenhang zwischen den Rechten der Arbeitnehmer und einer weiteren Liberalisierung des Handels oder mit Auswegen aus der Sackgasse, in welche die Diskussion um die Erwärmung der Erdatmosphäre geraten ist. Die Verhandlungen von Kyoto werden im Dezember wiederaufgenommen, und es ist noch keine Einigung über die Zugeständnisse der großen industrialisierten Länder Asiens und Lateinamerikas bei der Aufteilung der Kosten erzielt worden.

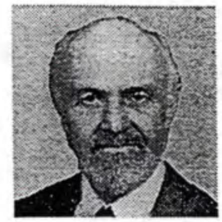
Der ursprüngliche Gedanke zur Veranstaltung von Gipfeltreffen war es, politischen Führern die Möglichkeit zu geben, sich Wissen über heikle Themen anzueignen, und ihnen Zeit zu geben, in der sie die Substanz und die Bewältigung dieser Themen miteinander erörtern könnten.

Keiner der bisherigen Gipfel, gleich ob international oder regional, kann sich der Frage der Globalisierung wirklich annehmen: Der G-7-Gipfel repräsentiert nur die wichtigsten Industriemächte, Apec und EU repräsentieren Regionen, der OECD gehören nur die wohlhabenden Länder an. Die jährlichen Konferenzen der Weltbank und des IWF beschränken sich auf finanzielle Fragen, Zusammenkünfte von Finanz- oder Außenministern haben nicht genügend Gewicht und befassen sich mit einem eingeschränkten Themenfeld. Nur Staats- und Regierungschefs können im unmittelbaren Gespräch miteinander Übereinkommen aushandeln, die für eine Bewältigung der Globalisierung notwendig sind. Der von uns vorgeschlagene Gipfel, der gegen Ende des Jahres 1999 stattfinden sollte, würde niemanden ausschließen; es gäbe nicht den Gegensatz zwischen „uns hier unten" und „denen da oben", auch nicht zwischen „Norden und Süden" oder zwischen „Gewinnern und Verlierern".

Aus dem Englischen von Claudia Nehrbaß

John Sewell ist Präsident des Overseas Development Council (ODC) in Washington, Michael McDowell ist Forschungsstipendiat dort.

論壇



ジョン・シーウェル

地球規模の経済サミット開こう

いま起きているアジアの金融危機は、世界経済のグローバル化がもたらした問題である。この問題は、英国バーミンガムで開かれる主要国首脳会議（サミット）で、主要テーマの一つになるだろう。

経済低迷に苦しむ日本ではいま、国内問題にまず目を向けるべきだとの声が強いのかもしれない。だが、日本はアジアから唯一、サミットに参加する国である。サミットでは、グローバル化がもたらした諸問題の解決のために日本にリーダーシップを発揮してもらいたい。

経済のグローバル化の影響は概して良いものだった。通信手段の発達や経済の自由化などによって、世界貿易は拡大し、原材料の不足している地域により安価な原材料を輸出することで、何百万人もの雇用を生み出した。一九八〇年代半ばから、投資は世界貿易の四倍の速度で拡大し、九〇年代だけで約一兆ドルの海外投資が発展途上国に流れた。

しかし、多くの人々の生活水準が向上したとはいえ、その波から取り残された人々の生活は良くならなかった。世界の投資と貿易が急増していた時に、アフリカへの投資は停滞し、経済は低迷した。アジアの金融危機によって、自由な市場の発展から恩恵を受けてきた人々が、残酷な市場の犠牲になってしまった。

経済のグローバル化は世界の指導者に四つの課題を突き付けている。

①発展の成果を世界のすべての人々に及ぼせるのか。約四十億人が、いまだに一人当たり所得が年千五百ドル以下の貧しい国で暮らしている。先進諸国の低成長が続くとみられる中で、世界の人々の生活向上のためには、途上国の市場の拡大が欠かせない。

②経済成長によって、世界経済はかえって不安定化するとの懸念を打ち消すことができるのか。アジアの金融危機でこの懸念は強まった。市場の力を信頼するのか、市場のゆがみを非難するのか。多くの人にとっては経済の不安定化は嫌だが、グローバル化から取り残される方が割に合わないだろう。

③激化する競争は人々に悪い結果をもたらすのか。欧米諸国の世論調査によると、多くの人々は途上国との競争で彼らの賃金が下がり、職が奪われると信じている。米国では、グローバル化によって中流階層の賃金が下がり、貧富の格差も広がるのではないかと心配されている。

④貿易や投資の拡大、技術や通信の発達で生まれる複雑な問題を解決できるのか。環境破壊、病気、移民、犯罪、テロなど地球規模の問題に立ち向かうために、その解決は避けて通れない。これは、先進国と途上国の双方にかかわる課題である。

こうした諸問題に取り組む時、いまのサミットは果たして適当な場であろうか。多くの政府関係者には、サミットからかつての勢いや目的意識が失われ、時間の無駄だとの意識が広がっているのではないか。

アジアや中南米、さらに貧困に悩むアフリカ諸国など、本来なら、問題解決にともに立ち向かうべき国々がサミットに参加していない。このため、世界経済の拡大や途上国の開発についての合意は生まれそうもないし、その議論さえない。

現在の七、八カ国では、参加国が少なすぎないだろうか。かといって、世界銀行や国際通貨基金（IMF）の総会は、金融問題に論議が絞られすぎている。また、国連総会は儀式的な場にすぎない。

前述した四つの課題に対応するため、「地球規模の経済サミット」の開催を提案したい。途上国を含む二十四カ国前後の政府と、世銀やIMF、国連の代表の参加を求め、九九年末までに一回開催すればいい。

日本は、世界経済への依存度が高く、アジアばかりか世界経済全体を引っ張っていく立場にある。また、世界の有力な援助国でもある。日本政府の主催で、今年秋には第二回アフリカ開発会議が開かれる。

このように、日本は先進国と途上国との間の対話を仲介できる立場にある。世界の大国として、国内問題ばかりでなく、国際的問題にも立ち向かうべきである。経済のグローバル化は、今日の世界が直面する最も困難な問題である。その解決に向けて、日本は重要な役割を果たせるはずである。

（海外開発評議会〈米シンクタンク〉会長＝投稿）

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Scaling the economic summit: The G-7 meets

Grappling with globalization

BY JOHN W. SEWELL & MICHAEL H.C. MCDOWELL

The Group of 7 leaders meeting this week in Birmingham, England, will discuss the problems of globalization — but what the world really needs is a much more inclusive and focused summit dealing exclusively with this major issue.

Globalization is now too large a topic for just the G-7 leaders; they no longer dominate the global economy and are only part of this essential debate. We propose, therefore, a carefully designed, one-time Globalization Summit of two dozen representative heads of state or government from the old industrial economies, the new emerging economic powers and the most vulnerable nations.

It is not just the older economic powers but also the newer ones and the poorest states that have the most to gain and the most to lose from globalization, and their presence would be crucial at any Globalization Summit in 1999.

The challenges of globalization — the unprecedented whirlwind of technological change and liberalized trade that is bringing huge gains in communications and efficiency and effecting huge shifts in wealth and production — are growing.

We must maximize the clear benefits of globalization and, at the same time, buffer its costs for those states that risk exclusion from the global economy. We must respond decisively when globalization's dynamics throw entire economies into a tailspin.

We have seen ad hoc, last-minute action to deal with the Asia economic crisis, but no coherent, directed discussion among political leaders and no clear plan of action to avoid another debacle. As the current emergency ebbs, complacency and inertia have set in. The next crisis may be just around the corner, and the world is not ready to deal with it.

The emerging economic powers, as well as the weaker ones, are boosted, or weakened, by the highs and lows of global market swings. It is in the interest of the world community to include these countries in any meeting on globalization.

Globalization is inevitable and can be a very positive phenomenon that, with wise policies and tough choices, can lift all boats. But we need a system in place to handle its negatives, anticipate its dynamics and harness those dynamics to serve all countries, not just the "haves." We must ensure that the benefits of globalization reach all, creating greater wealth for all.

If the poorest countries are unable to reap the benefits of globalization, then we are all poorer. Poverty ferments conflict, social unrest and disease. It is economic dynamism, through global markets, which provide the resources to attack poverty.

Booming international trade can help bolster the new economic powers, emerging market states and even poor regions such as sub-Saharan Africa. Future growth in the old industrial economies depends on new markets.

A Globalization Summit — proposed earlier this year by the Overseas Development Council's Chairman, Peter Sutherland — obviously must address questions of international financial reform like surveillance, transparency, regulation, supervision and moral hazard. Political agreement is also urgently needed on how to prevent markets from overshooting and plunging national and regional economies into free-fall.

But a Globalization Summit must also address much broader issues, such as:

- The link between workers' rights and further trade liberalization.
- Breaking the stalemate on global warming. The Kyoto negotiations resume in December, and there is no agreement on the commitments that will have to be taken by the large industrialized countries of Asia and Latin America, on how to share costs.
- The health challenges of a globalized economy, ranging from new epidemics such as AIDS or old threats such as resurgent malaria.

The original idea of holding summit meetings was to permit leaders to "educate themselves" on critical issues and allow them time to talk with one another not only about the politics of issues but about the substance. Today, the G-7 summits provoke yawns among the public and participants, with predictable communiques often written days or weeks in advance.

Our suggested one-time Globalization Summit, set for late 1999, would be inclusive and not "us against them, North vs. South, winners vs. losers."

Politicians must first analyze globalization's problems and then act together. The G-7 leaders should start the process, backing a Globalization Summit before the end of this decade.

John W. Sewell is president and Michael H.C. McDowell a fellow of the Overseas Development Council in Washington.

INTERNATIONALE POLITIK

EUROPA ARCHIV

Globalisierung

Plädoyer für einen globalen Wirtschaftsgipfel, vorgetragen von dem Vorstandsvorsitzenden und dem Präsidenten des Overseas Development Council (ODC), Peter D. Sutherland und John W. Sewell, im Januar 1998 in Washington, D.C. (Auszüge)

Betrifft: gerechte Verteilung des Wohlstands – Marginalisierung der Entwicklungsländer – Herausforderungen der Globalisierung.

.....

Heute wird viel über die Auswirkungen der Globalisierung debattiert: Was wissen wir wirklich über ihre Wirkungen? Was sind ihre wahren Vorteile? Wie hoch sind ihre Kosten? Wie gehen wir mit dem Druck um, den sie erzeugt? Können unsere bestehenden internationalen Vereinbarungen mit diesem Druck umgehen? Wir glauben, daß eine Diskussion dieser Fragen innerhalb einer repräsentativen Gruppe von Führern der Welt – ein Globaler Wirtschaftsgipfel – ein brauchbarer Weg wäre, sich mit diesen neuen, entscheidenden Herausforderungen auseinanderzusetzen. Wir sind ganz sicher nicht die Ersten, die einen solchen Gipfel vorschlagen, doch lassen die Asien-Krise und zunehmende Fragen nach den Auswirkungen der Globalisierung unseren Vorschlag besonders aktuell erscheinen.

Alles in allem sind die Auswirkungen der Globalisierung bislang außerordentlich positiv gewesen. Angespornt von einer unvorhergesehenen Liberalisierung expandiert der Welthandel weiterhin schneller als die gesamte weltweite Wirtschaftsproduktion und löst eine Welle von Produktivitäts- und Effizienzsteigerungen aus, die viele Millionen exportorientierter Arbeitsplätze schafft. ... Noch beeindruckender als die Wachstumsraten im Handel ist das sensationelle Wachstum bei internationalen Investitionen gewesen. Seit Mitte der achtziger Jahre sind ausländische Direktinvestitionen um das Vierfache des Welthandels gestiegen. Allein in den neunziger Jahren haben ausländische Investoren eine Billion Dollar in sich entwickelnde Wirtschaften gepumpt. ... Mit diesen Investitionen werden Straßen gebaut, Flughäfen, Kraftwerke und Fabriken; durch sie werden lokale Unternehmer mit dem Kapital versorgt, das sie zu ihrem Wachstum benötigen. In vielen armen Ländern lassen die Kräfte der Globalisierung den Lebensstandard schneller ansteigen, als manche für möglich gehalten haben. ...

Globalisierung hat den Lebensstandard vieler angehoben, doch ihre Dynamik hat das Leben für viele, die durch den Wandel „entwurzelt" wurden, schwieriger gemacht, und sie droht auch, einen bedeutenden Teil der Welt hinter sich zu lassen. ... Wichtigste Herausforderung der Globalisierung ist es deshalb, sicherzustellen, daß ihre Früchte auf alle Länder und Völker verteilt werden. Die meisten Prognosen nehmen an, daß das Wachstum in der entwickelten Welt auch künftig auf niedrigem Niveau bleiben wird, und daß in den Entwicklungsländern hohe Wachstumsraten erforderlich sind, damit dort der Lebensstandard steigt. Noch

leben fast vier Milliarden Menschen in Ländern mit einem jährlichen Pro-Kopf-Einkommen unter 1500 Dollar. Das wichtigste Versprechen der Globalisierung ist es, diese Menschen aus der Armut zu holen und sie gleichzeitig zu Verbrauchern zu machen, die sich selbst ernähren und kleiden sowie dazu beitragen können, ihren Kindern ein besseres Leben zu ermöglichen. Darüber hinaus kann dieses Wachstum auf lange Sicht zu einer größeren politischen Stabilität für die am wenigsten entwickelten Nationen und zu einer sichereren Welt führen.

Die zweite große Herausforderung der Globalisierung stellt die Befürchtung dar, daß das damit verbundene Wachstum gefährlich destabilisierend sein könnte. Die Finanzkrise in Asien, die einige der stärksten wirtschaftlichen Wettbewerber betraf, hat diese Befürchtungen noch genährt. Allzu schnell verkürzt sich diese Frage auf einem Streit zwischen jenen, denen der freie Markt als heilig gilt, und jenen, die den Markt für vorhersehbare Folgen verantwortlich machen, die sich nicht aus den Prinzipien der Marktwirtschaft ableiten lassen. Vielen erscheinen die Kosten, die daraus entstehen, daß sie bei der Globalisierung zurückgelassen werden, viel höher als die möglichen Kosten der Instabilität, doch ist dies ein Urteil, das Nationen selbst fällen müssen. Die wichtigere Frage ist eine, die die Regierungen der stabilsten der entwickelten Länder nicht ignorieren können: Kann ein Wachstum, das stärker auf internationalem Handel und Investitionen beruht als jemals zuvor, Bestand haben, wenn das Vertrauen in die Struktur des Marktes fehlt? Diese Vertrauenskrise, das muß festgehalten werden, beschränkt sich nicht auf die industrialisierte Welt.

Die dritte große Herausforderung der Globalisierung ist die unberechtigte Befürchtung in der entwickelten Welt, daß der von globalen Märkten ausgelöste Wettbewerb in einen Dumping-Wettlauf münden könnte. Trotz der offenkundigen Vorteile der Globalisierung für reiche, industrialisierte Nationen zeigen Umfragen, daß ein wachsender Teil der Öffentlichkeit in den Vereinigten Staaten und Teilen Westeuropas glaubt, daß der Wettbewerb mit Entwicklungsländern die Löhne nach unten drückt und Arbeitsplätze vernichtet. ...

In Westeuropa wird diese Überzeugung unterstützt durch chronisch hohe Arbeitslosenraten und den Glauben, daß erneute Versuche von Regierungen, historisch gewachsene, strenge Arbeitsgesetze aufzulockern, mit einem verstärkten Wettbewerb mit Niedriglohnländern zusammenhängt. In Wirklichkeit hat diese Anpassung sehr viel mehr mit einer Verringerung der Defizite im Zusammenhang mit der Währungsunion und den Produktivitätssteigerungen zu tun, die nötig sind, um die alternde Bevölkerung Europas zu unterstützen. Nichtsdestoweniger wird, wenn diese Reform fortschreitet, die Besorgnis über den globalen Wettbewerb eine mächtige politische Kraft in vielen europäischen Ländern darstellen. In den Vereinigten Staaten sind die stagnierenden Gehälter der Mittelklasse und der Unterschicht, die bis zum vergangenen Jahr seit 1989 keine reale Steigerung erfuhren, einer der Hauptgründe für die Vorbehalte gegen die Globalisierung. Gleichzeitig hat eine dynamische Lohnerhöhung für hochqualifizierte Arbeitnehmer zu einer sich vergrößernden Einkommensungleichheit geführt. ...

Mit der Globalisierung verbundene Befürchtungen in der entwickelten Welt haben zugenommen, und eine vornehmlich auf den akademischen Bereich beschränkte Debatte hat sich auf die politische Bühne verlagert. Am augenscheinlichsten ist dies in den Vereinigten Staaten und in Frankreich, doch in keiner der industrialisierten Demokratien der Welt liegt dies tief unter der politischen Oberfläche. Ihre Auswirkungen sind enorm, denn die Führung durch die entwickelte Welt ist unerläßlich für die Aufrechterhaltung des weltweiten Handels- und Investitionssystems. Ohne Übertreibung läßt sich sagen, daß das jüngste Durcheinander in Asien den Rest der Welt in einer globalen Rezession hätte verschlingen können, hätte es einen Mangel an Führung seitens der entwickelten Welt gegeben. ...

Die vierte große Herausforderung der Globalisierung schließlich ist es, sicherzustellen, daß viele durch einen globalisierten Handel, Investitionen, Technologie und Kommunikation noch verstärkte Probleme nicht als Vorwand dienen, um die Suche nach neuen Wegen der

Zusammenarbeit im weltweiten Interesse zu verhindern. Zu diesen Problemen gehören Umweltverschmutzung, Krankheiten, Migration, Kriminalität und Terrorismus. Anders als die anderen Herausforderungen der Globalisierung werden all diese Probleme von der sich entwickelnden und der entwickelten Welt geteilt, wenn auch nicht im gleichen Ausmaß. Einfach ausgedrückt: Die Fähigkeit der Welt, sich diesen neuen, in der Zeit nach dem Kalten Krieg aufgetauchten Herausforderungen zu stellen, wird von einer zunehmenden globalen Kooperation und der Aufrechterhaltung eines internationalen Konsensus über weltweiten Handel und Investitionen abhängen....

Auf gewisse Art sind die dargelegten Zweifel an der Globalisierung Teil einer sehr viel größeren Debatte über die Natur der Unabhängigkeit in einer zunehmend miteinander verflochtenen Welt.... Einige reagierten auf diese Beobachtungen mit der Folgerung, daß die Globalisierung die Macht nationaler Regierungen übernähme, und daß der freie Markt die Einzelperson ihrer Rechte beraubt. Einige haben das Ende des Nationalstaats verkündet und würden transnationale Unternehmen und Großbanken als die neuen Mitregenten unserer Welt erachten. Es besteht kein Zweifel, daß die Globalisierung von Handel und Investitionen die Handlungsfreiheit nationaler Regierungen in gewisser Hinsicht verringert und das Leben für viele Individuen weniger vorhersehbar gemacht hat. Jene jedoch, die Handels- und Investitionshindernisse einsetzen würden, um zu versuchen, ein früheres Zeitalter der Unabhängigkeit wiederherzustellen, verwechseln Ursache und Wirkung der Globalisierung.

Wir haben diese neue Welt der globalen Märkte und der unmittelbaren Kommunikation bewußt geschaffen, um einen höheren Lebensstandard sowie Effizienz- und Wettbewerbssteigerungen zu erzielen, zu denen nationale Regierungen außerstande sind. Ziel ist nicht die Entrechtung des Einzelnen, sondern das genaue Gegenteil – Kosten zu senken, Wahlmöglichkeiten zu erhöhen, mehr Kapital verfügbar zu machen, und neue Märkte zu öffnen, um dem Einzelnen mehr Macht zu verleihen, sein Schicksal zu bestimmen – all dies in einem mehr multilateral als unilateral geregelten System....

Einige der von der Globalisierung gestellten Herausforderungen sind derart ernst, daß sie zur Schaffung völlig neuer internationaler Prozesse und Institutionen führen. Dies ist der Fall bei der weltweiten Erwärmung, einem von der Entwicklung verursachtem Problem, daß in seinen Wirkungen weltweit ist und auch eine internationale Zusammenarbeit bei der Suche nach Lösungen nahelegt. Die Konferenz über den Weltweiten Klimawandel von 1997 ist nur der Beginn eines langen und zugegebenermaßen steilen Weges, einen internationalen Konsens darüber zu erarbeiten, den Ausstoß von Treibhausgasen zu senken.

Warum einen globalen Wirtschaftsgipfel?

Welches Bündel von Problemen ist entmutigender als die von der Globalisierung gestellten? Die Asien-Krise, die globale Erwärmung und zahllose andere internationalen Ereignisse, die die Ressourcen unserer Regierungen strapazieren – sie alle können bis zu den in diesem Papier zitierten vier Herausforderungen der Globalisierung zurückverfolgt werden.

Tatsächlich beginnen wir wahrscheinlich erst, die volle Auswirkung der Globalisierung zu erleben, deshalb werden sich diese Herausforderungen intensivieren und vervielfachen. Als einen nützlichen ersten Schritt, die Herausforderungen der Globalisierung anzugehen, schlagen wir deshalb ein Gipfeltreffen einer repräsentativen Gruppe von Führern der Welt vor, die die alten Industriestaaten vertreten, die aufstrebenden Wirtschaftsmächte, und jene Staaten, die sich der Gefahr gegenübersehen, an den Rand gedrängt zu werden.

Der bestehende Kreis internationaler Foren ist eindeutig unzulänglich. Der Gipfel der Gruppe der Sieben ist zu begrenzt in seiner Mitgliedschaft; die Jahrestreffen der Weltbank und des Internationalen Währungsfonds sind zu sehr auf Finanzen konzentriert; die jährlichen Zusammentreffen von Staatsführern zum Auftakt der UN-Generalversammlung sind zu ritualisiert. Angesichts dessen neigen viele Politiker dazu, Gipfeltreffen als Zeitverschwendung anzusehen.

Quelle vieler dieser negativen Empfindungen ist der Wirtschaftsgipfel der Gruppe der Sieben, ein Prozeß, der bereits vor mehr als einem Jahrzehnt begonnen hat, an Schwungkraft und Sinn zu verlieren. Fast genauso lange haben sich die Staatsführer selbst für eine Ausweitung oder eine Einengung oder aber rundheraus für eine Absage dieser Zusammenkünfte ausgesprochen. Tatsächlich haben die Regierungen der G-7-Staaten in ihren Agenden der vergangenen Jahre die überwältigende Bedeutung der Globalisierung anerkannt, doch ist die Mitgliedschaft in der Gruppe zu eng gefaßt, um diese Fragen wirksam angehen zu können. Die rein ökonomische Größe ist zur Einschätzung des Einflusses einer Nation auf die Weltwirtschaft weniger wichtig geworden, und das Ende des Kalten Krieges verlangt nach einer Gruppierung, die nicht auf die größten Wirtschaften des westlichen Bündnisses begrenzt ist. Die Einbeziehung Chinas, der im Jahr 2010 wahrscheinlich größten Wirtschaft der Welt, in solche Diskussionen ist sicher unerläßlich, gleiches gilt für die Beteiligung Brasiliens und Indiens.

Dieses neue Gipfeltreffen sollte – anders als der „Wirtschafts"gipfel der G-7, der sich häufig ebenso sehr mit dringenden politischen oder militärischen wie mit ökonomischen Problemen beschäftigt – beschränkt werden auf die vier Herausforderungen der Globalisierung. Der Gipfel sollte nur einmal stattfinden, am besten noch vor Ende 1999. Er wäre keine Verhandlungsrunde und würde bestehende Foren weder ablösen noch ersetzen. Vielmehr wäre er in seinem Wesen politisch und im Verfahren informell, um Regierungschefs eine größtmögliche Flexibilität in der Debatte über die Herausforderungen der Globalisierung zu ermöglichen. Oberstes Ziel wäre es, Gebiete von allgemeinem Interesse zu benennen, einen grundsätzlichen Konsens zu erzielen über die Ursachen der Globalisierung und die besten Wege, ihren Herausforderungen gemeinsam zu begegnen – einschließlich einer Beurteilung der Angemessenheit bestehender Institutionen und Vereinbarungen. Das Ziel wäre es, die bestehenden internationalen Institutionen zu einer engeren Zusammenarbeit zu bewegen....

Anders als beim G-7-Treffen sollten beim Globalen Wirtschaftsgipfel Regierungschefs vertreten sein, die alle Regionen und alle Entwicklungsstadien repräsentieren. Zwei Dutzend Regierungen wären die wohl beste Anzahl, um eine breite Beteiligung zu gewährleisten und gleichzeitig eine Größe zu wahren, die allen eine Beteiligung ermöglicht. Zusätzlich könnte es nützlich sein, auch die Chefs der Weltbank, des Internationalen Währungsfonds und der Welthandelsorganisation (WTO) sowie den Generalsekretär der Vereinten Nationen in den Teilnehmerkreis aufzunehmen. ... Priorität sollte es auch sein, daß die fünf Regionen der Welt in ungefähr gleicher Teilnehmerzahl vertreten wären: Afrika, der asiatisch-pazifische Raum, Lateinamerika und die Karibik, Nordamerika und Westeuropa.

Die endgültige Agenda müßte natürlich von den teilnehmenden Regierungen festgelegt werden, aber wir schlagen vor, daß ein Komitee „weiser Männer" (und Frauen), die von diesen Regierungen ernannt werden, den Hintergrund für die Diskussionen liefert und vorschlägt, wie die Fragen in einer Agenda zusammengefaßt werden sollten. Unabhängig und nicht als Vertreter einer Regierung handelnd, würde diese Gruppe von ausgwählten unabhängigen Beratern dazu beitragen, die Agenda zu formulieren und spezifische Aktionen als Antwort auf die Herausforderungen der Globalisierung empfehlen....

Ganz allgemein sollten die Punkte der Agenda die in diesem Papier beschriebenen Herausforderungen der Globalisierung aufgreifen:

1. Es sollte sichergestellt werden, daß die ärmsten Länder durch die Globalisierung nicht völlig an den Rand gedrängt werden. Was sind die Ursachen für einen schwachen Handel und Investitionen in Afrika südlich der Sahara und anderen Ländern, die nicht von der Globalisie-

rung profitieren? Sollten die entwickelten Staaten ihre Beschränkungen beim Handel mit Textilien und landwirtschaftlichen Gütern aus diesen Ländern aufheben? Sollten die entwickelten Staaten die Produktion anderer, höherwertiger Güter ermutigen, vielleicht durch die Aushandlung von Freihandelsabkommen mit den ärmsten Ländern? Wie können Mittel aus der Entwicklungshilfe eingesetzt werden, um die wirkungsvolle Integration dieser Länder in die Weltwirtschaft zu fördern?

2. Die Befürchtung, daß das durch die Globalisierung verursachte Wachstum in gefährlicher Weise destabilisierend ist. Wie kann die fortgesetzte Öffnung von aufstrebenden Wirtschaftsmärkten mit Mechanismen verbunden werden, die eine Überwachung und Regulierung sicherstellen? Können wir ein Frühwarnsystem für künftige Wirtschaftskrisen entwickeln? Ist es für dynamische, schnell wachsende Wirtschaften ratsam, Kontrollen über kurzfristiges Kapital zu beschließen, oder wird gerade dies einen Rückgang ausländischer Investitionen verursachen?

3. Die wachsende Furcht in den entwickelten Staaten, daß die Globalisierung den Lebensstandard senkt. In welchem Ausmaß begrenzt der Wettbewerb mit aufstrebenden Märkten tatsächlich das Wachstum der Löhne in der entwickelten Welt? Machen niedrigere Löhne und eine höhere Produktivität in den wettbewerbsstärksten Entwicklungsländern den großen Produktivitätsvorsprung entwickelter Staaten tatsächlich wett und verringern sie deshalb die Beschäftigung? Welche Rolle spielt der technologische Wandel in der Erklärung von Lohnstufen und Veränderungen bei der Beschäftigung? ...

Auf diese und viele andere von der Globalisierung gestellten Fragen gibt es keine einfachen Antworten. Sie stellen einige der schwierigsten Herausforderungen dar, die unsere Welt zur Zeit bewältigen muß, und die keine nationale Regierung allein bewältigen kann. Ein Gipfeltreffen von Führern der Welt mag noch keines dieser Probleme lösen, und doch zeigt die jüngst stattgefundene Konferenz zum weltweiten Klimawandel, daß gemeinsames Handeln ein wichtiger erster Schritt sein könnte, Vertrauen dafür zu schaffen, daß auch die größten Herausforderungen bewältigt werden können, wenn wir zusammenarbeiten.

Quelle: http://www.odc.org/gcs.html; Übersetzung aus dem Englischen: *Internationale Politik*.

Novecento: secolo di capi carismatici
Bobbio, Pelikan, Ricoeur, Vernant

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Un mese di idee

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Corrispondenze

Un summit contro il «pilota automatico»

di Peter Sutherland e John Sewell

La crisi economica dell'Asia ci ricorda in modo drammatico che anche quanti beneficiano maggiormente dello sviluppo del libero mercato possono rimanere vittime della brutalità con cui il mercato regola i suoi conti. Dalla Thailandia alle Filippine, i problemi di una economia portano allo scoperto le debolezze delle altre, e i confini nazionali divengono irrilevanti quando si tratta di contenere una crisi che davvero, per l'impatto prodotto, può essere definita globale.

Noi siamo convinti che un Vertice economico globale accuratamente preparato costituirebbe un primo, importante passo per affrontare le sfide della globalizzazione, le continue svolte imposte dal rinnovamento tecnologico e quella liberalizzazione di commercio e investimenti che comporta immensi benefici in termini di comunicazioni e di efficienza, e che produce vertiginosi spostamenti di ricchezza e di produttività. Ma quali sono i costi reali e i reali benefici della globalizzazione? Gli attuali accordi internazionali sono adeguati alle tensioni che essa genera?

Le rapide reazioni del Fondo monetario internazionale e della Banca mondiale sono fattori importanti, ma che rappresentano soltanto risposte ad hoc. Noi proponiamo invece un dibattito interno a un gruppo significativo di leader mondiali, nel quale si analizzino gli effetti, positivi e negativi, della globalizzazione, e si studino strumenti in grado di predire le crisi in futuro e di attuare meccanismi efficaci per la gestione di tali emergenze.

Finora gli effetti della globalizzazione sono nel complesso positivi. Spronato da una liberalizzazione senza precedenti, il commercio mondiale continua a vivere un'espansione più rapida di quella dell'economia globale nel suo complesso, scatenando un'ondata di produttività ed efficienza che ha condotto alla creazione di milioni di posti di lavoro nel settore delle esportazioni. L'aumento delle importazioni crea a sua volta altri milioni di posti di lavoro, nelle attività di rifornimento di materie prime a basso costo nei paesi in cui scarseggiano. Ma ciò che è ancor più sorprendente, è la crescita esponenziale degli investimenti internazionali. Dalla metà degli anni ottanta, il totale degli investimenti rivolti all'estero è andato crescendo in misura quattro volte superiore rispetto al commercio mondiale. Solo nel decennio in corso gli investitori stranieri hanno già profuso un miliardo di miliardi di dollari nelle economie in via di sviluppo.

Tuttavia, benché la globalizzazione abbia significato per molti un sostanziale miglioramento della qualità della vita, la sua dinamica ha reso la vita stessa più difficile a quanti sono rimasti spiazzati dal cambiamento, e minaccia di lasciarsi ancora più indietro una significativa porzione dell'umanità.

Non è una coincidenza il fatto che i più deludenti risultati economici nella maggior parte dell'Africa sub-Sahariana e in altre nazioni povere si siano verificati proprio mentre il loro commercio e i loro investimenti arretravano sempre più rispetto al resto del mondo. Negli altri continenti, l'investimento diretto all'estero è aumentato a dismisura; ma il flusso di capitale in Africa è cresciuto di pochissimo, e la percentuale rispetto al resto del mondo è scesa dal 10 per cento totalizzato negli anni dal 1987 al 1991, a un misero 3,6 per cento nel 1996.

La sfida fondamentale della globalizzazione è il problema di garantire che i suoi frutti si estendano a tutti i paesi del mondo. Le previsioni sono praticamente concordi nell'affermare che la crescita economica del mondo industrializzato continuerà a rallentare nel prossimo decennio, e che i mercati in espansione delle nazioni in via di sviluppo saranno vitali per assicurare la continua crescita del livello di vita. Quasi quattro miliardi di persone vivono in paesi il cui prodotto interno lordo pro-capite è inferiore a 1500 dollari l'anno. La più grande promessa della globalizzazione è che aiuterà queste nazioni a sollevarsi dalla loro povertà, trasformandone gli abitanti in consumatori.

La seconda sfida della globalizzazione è il timore che la crescita da essa provocata sia intrinsecamente e pericolosamente destabilizzante. La crisi finanziaria in Asia ha amplificato queste preoccupazioni. Con spaventosa rapidità, la questione è degenerata in una diatriba tra quanti vedono il mercato in termini esclusivamente beni-

Non c'è solo Soros a reclamare nuove regole di mercato dal fronte di chi il mercato ha contribuito a farlo crescere. L'ex direttore generale della *World Trade Organization* analizza i limiti della globalizzazione e lancia la proposta di un summit per sottrarre lo sviluppo all'anarchia del sistema

gni, e quanti attribuiscono ad esso ogni colpa, per i prevedibili effetti comportati dall'aver deviato dai suoi stessi principi. Per la maggior parte degli analisti, i costi che deve affrontare chi è lasciato indietro dalla globalizzazione sono molto superiori ai costi potenziali indotti dall'instabilità.
La terza sfida riguarda la preoccupazione crescente nel mondo industrializzato, secondo cui la competizione sempre più accentuata si risolverà in una corsa verso il basso. Nonostante i benefici apparenti portati dalla globalizzazione alle nazioni più ricche, i sondaggi indicano che una fetta sempre più ampia di cittadini, negli Stati Uniti e in Europa occidentale, è convinta che la concorrenza con le nazioni in via di sviluppo stia causando una riduzione dei salari e dei posti di lavoro.
Negli Stati Uniti, il fattore che più di ogni altro induce a dubitare dei benefici della globalizzazione è la stagnazione dei salari nei bassi e medi impieghi. Allo stesso tempo, la crescita verticale degli stipendi nelle fasce superiori conduce a una disparità di reddito sempre maggiore.
La quarta sfida consiste nell'assicurare che molti dei problemi resi più complicati dalla globalizzazione di commercio, investimenti, tecnologie e comunicazioni non servano come scusa per evitare la ricerca di nuovi strumenti di cooperazione negli interessi globali. Tra questi problemi, si possono citare il degrado ambientale, la salute, l'emigrazione, il crimine organizzato e il terrorismo. A differenza di quanto vale per le altre sfide della globalizzazione, si tratta di problemi condivisi tanto dal mondo industrializzato come da quello in via di sviluppo.
La globalizzazione del commercio e degli investimenti ha in certa misura indebolito l'indipendenza dei governi nazionali, e reso la vita imprevedibile per un gran numero di persone. Ma quanti vorrebbero frapporre barriere al commercio e agli investimenti per riguadagnare l'epoca perduta dell'indipendenza nazionale, confondono le cause della globalizzazione con i suoi effetti. Nella nostra ricerca di un costante innalzamento del tenore di vita, abbiamo creato un nuovo mondo fatto di mercati globali e di comunicazioni istantanee, per incrementare l'efficienza e la concorrenza in una misura che va ben oltre i poteri dei governi nazionali. L'obiettivo non è quello di ridurre i privilegi individuali, ma di abbattere i costi, di ampliare le possibilità di scelta, di far muovere più capitale e di aprire nuovi mercati, allo scopo di conferire a ciascun individuo un maggior potere personale, in un sistema basato sulle regole del gioco, un sistema multilaterale anziché unilaterale.
Questa è la spinta che ha portato alla creazione dell'Unione Europea, del North American Free Trade Agreement, dell'Association of Southeast Asian Nations e del Mercosur.
Perché un Vertice economico globale?
Proponiamo un forum in cui siano rappresentati i paesi industrializzati, le potenze economiche emergenti e le nazioni che si trovano ad affrontare l'emarginazione: questo vertice costituirebbe il primo passo per affrontare le sfide imposte dalla globalizzazione.
I vertici internazionali attualmente esistenti sono palesemente inadeguati. Il Gruppo dei Sette (G-7) ha una rappresentanza troppo ristretta, i meeting annuali della Banca mondiale e del Fondo monetario internazionale sono troppo limitati alle questioni finanziarie; l'annuale riunione dei capi di Stato nelle assise di apertura della assemblea generale dell'Onu è un appuntamento troppo rituale.
Detto questo, i politologi considerano gli incontri al vertice una perdita di tempo. Questa convinzione è originata soprattutto dal summit annuale del G-7, un'occasione che oltre dieci anni fa ha iniziato a perdere slancio e finalità. Gli stessi capi di Stato dei paesi membri hanno chiesto chi un ampliamento, chi una restrizione, chi addirittura la fine di queste riunioni. I governi del G-7 riconoscono la superiore importanza della globalizzazione nella loro agenda degli ultimi anni, ma la composizione del gruppo è troppo ristretta per poter prendere in esame con una qualche efficacia le questioni ad essa inerenti.
A differenza del vertice «economico» del G-7, che spesso si occupa di questioni immediate, politiche e militari, almeno quanto si occupa di economia, questo nuovo summit sarebbe dedicato in modo più esclusivo alle quattro sfide della globalizzazione.
Il vertice sarebbe un evento unico, non periodico, e dovrebbe possibilmente svolgersi prima della fine del 1999. Non si tratterebbe di un negoziato, e non dovrebbe rimpiazzare alcun forum attualmente esistente. Sarebbe invece politico nella natura e informale nelle procedure, consentendo ai leader di governo la massima flessibilità nel discutere le sfide della globalizzazione.
A differenza di quanto avviene nel G-7, un Vertice economico globale dovrebbe comprendere leader di governo in rappresentanza di tutte le regioni del mondo e di tutti i livelli di sviluppo. La partecipazione di una ventina di nazioni sarebbe sufficientemente ampia per garantire la rappresentanza, e sufficientemente ristretta per consentire a tutti di intervenire attivamente. Potrebbe essere utile invitare anche i responsabili della Banca mondiale, del Fondo monetario internazionale, della Organizzazione Mondiale del commercio e delle Nazioni Unite.
L'ordine del giorno definitivo dovrebbe essere stabilito dai governi partecipanti, ma noi suggeriamo che una commissione di «saggi», scelta dai governi stessi, presenti una piattaforma di discussione e una proposta degli argomenti da affrontare. Si tratta di una procedura già adottata con successo in altre occasioni, in particolare dall'Apec.
I punti all'ordine del giorno dovrebbero riguardare le sfide della globalizzazione descritte sopra:
- la necessità di far sì che i paesi più poveri non siano emarginati dalla globalizzazione;
- il timore che la crescita economica comportata dalla globalizzazione sia pericolosamente destabilizzante;
- la preoccupazione crescente nel mondo industrializzato che la globalizzazione finisca per abbassare il tenore di vita della popolazione.

Questi problemi, e i molti altri posti dalla globalizzazione, non potranno accontentarsi di facili risposte. Rappresentano invece alcune delle sfide più difficili che il nostro mondo si trova ad affrontare, e vanno ben oltre la capacità dei governi nazionali, che non possono affrontarle indipendentemente gli uni dagli altri. Un vertice di leader di tutto il mondo forse non ne risolverà nemmeno una, ma l'azione collettiva da esso rappresentata potrà costituire un primo, cruciale passo in direzione di una maggiore fiducia nel fatto che anche le sfide più scoraggianti possono essere superate, quando si lavora insieme.

Peter D. Sutherland è presidente esecutivo del Consiglio direttivo dell'Overseas Department Council, presidente e direttore esecutivo della Goldman Sachs International, e presidente della British Petroleum. Sutherland, di origine irlandese, è stato direttore generale della World Trade Organization e fa parte della Commissione delle Comunità europee.

John W. Sewell è presidente dell'Odc. È autore di numerosi articoli e libri sullo sviluppo e sulle questioni della globalizzazione. È anche vice presidente dell'International Center for Research on Women, consigliere del Bretton Woods Committee e consulente del World Resources Institute, del Carter Center, e di InterAction.

Traduzione di Anna Tagliavini

EDWARD MORTIMER

Global gloom

In the Communist manifesto, Marx and Engels described a world economy more like that of 1998 than of 1848

You think globalisation is a new phenomenon? Then guess when this passage was written.

"All old-established national industries have been destroyed or are daily being destroyed . . . In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations."

That was Karl Marx and Friedrich Engels, writing 150 years ago in *The Communist Manifesto*. As Eric Hobsbawm writes in his introduction to a new edition of the manifesto, to be published next month by Verso: "Marx and Engels described not the world as it had already been transformed by capitalism in 1848, but predicted how it was logically destined to be transformed."

It is ironic that their description of capitalism and its effects should have come (partially) true just when Marxism as an ideology, and as a prescription, no longer finds many takers. Hardly anyone now believes matters would be improved by abolishing property in land and all right of inheritance; centralising credit, communications and transport "in the hands of the state"; or extending state ownership.

Perhaps the nearest we have in the 1990s to Marx's and Engels' vision of the destiny of capitalism is to be found in a book published this week by John Gray*, professor of European thought at the London School of Economics – a sometime Conservative, alienated and disillusioned by the destructive effects of Margaret Thatcher's free-market policies in Britain in the 1980s.

Prof Gray attacks what he calls the "Washington consensus", according to which free markets and democracy go hand in hand and are in some sense the natural condition of mankind. He argues that free trade and laissez-faire policies, so far from being a pre-socialist norm, were applied systematically in Britain only for a few decades in the mid-19th century (just when and where Marx and Engels were writing). But this receded as democracy expanded, and as the ghastly social consequences of unbridled capitalism became impossible to ignore.

Now, he thinks, the same disastrous experiment is being repeated on a global scale, as doctrinaire liberals have seized control of the only remaining superpower and are using its global clout to impose a single model, the "unregulated free market", throughout the world. It will end, he predicts, in disaster.

One does not have to share this apocalyptic vision, or even to think globalisation is a bad thing, to be worried about some of its side-effects. One person who is worried is a man with impeccable free-market credentials: Peter Sutherland, the last director-general of Gatt and chief architect of its successor, the World Trade Organisation.

In a paper published in January, Mr Sutherland and co-author John W. Sewell stress the need to ensure that globalisation's benefits extend to the nearly 4bn people who live in countries with a per capita gross domestic product of less than $1,500 (£900) a year.** They warn of a "crisis of confidence in the very structure of markets", amplified by the financial crisis in Asia. They urge greater effort to dispel "the invalid concern growing in the developed world that the competition unleashed by global markets will result in a race to the bottom". They list several problems not caused but "complicated" by globalisation: environmental degradation, disease, migration, crime and terrorism.

The world's ability to confront these problems, say Mr Sutherland and Mr Sewell, depends on "increasing global co-operation and maintaining an international consensus in support of globalised trade and investment". They think the first step should be a global economic summit of "about two dozen governments", drawn in equal numbers from leading industrialised countries, newly industrialised or "emerging market" countries, and "the least developed countries threatened by marginalisation".

Not everyone will agree with that mechanism. But the problems listed are surely real. The Group of Eight industrialised countries, which does not even include China or India, is hardly an adequate forum for dealing with them.

**False Dawn: The Delusions of Global Capitalism (Granta Books)*

***The Challenges of Globalization (Overseas Development Council, 1875 Connecticut Avenue, NW, Suite 1012, Washington, DC 20009)*

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„Die ganze Welt an einen Tisch"

Ein Aufruf von Peter D. Sutherland und John W. Sewell

Gerechter verteilen

wollen Peter D. Sutherland (links), Chairman von Goldman Sachs Int., und John W. Sewell, Chef der Washingtoner Forschungseinrichtung ODC, die Früchte von Wachstum und Entwicklung

Die asiatische Finanzkrise hat es deutlich gezeigt: Im Zeitalter der Globalisierung machen Krisen nicht mehr vor nationalen Grenzen halt, sondern können das gesamte Weltwirtschaftssystem gefährden. Doch während die Welt ökonomisch zusammenwächst, fehlt es an politischen Mitteln, das System bei Problemen nachhaltig zu stabilisieren. Wir meinen daher, daß es Zeit für einen neuen Globalen Wirtschaftsgipfel ist. Zwar sind die Effekte der Globalisierung überwiegend positiv – Welthandel, Produktivität und Investitionen sind durch die beispiellose Liberalisierungspolitik enorm gewachsen, haben Millionen von Arbeitsplätzen geschaffen und den Lebensstandard sehr vieler Menschen angehoben. Dennoch gibt es allerorten auch Globalisierungsverlierer, und ganze Regionen, beispielsweise in Afrika, drohen vom Weltmarkt vergessen zu werden.

Ein Globaler Wirtschaftsgipfel könnte daher ein wichtiger erster Schritt sein, um gemeinsam mit den Folgen der Globalisierung besser fertig zu werden. Wir schlagen also eine internationale Diskussionsrunde vor, in der Regierungschefs aus aller Welt die Herausforderungen der Globalisierung untersuchen und in der sie Mechanismen schaffen, mit denen künftig Krisensituationen besser entschärft werden können.

Vier Herausforderungen der Globalisierung müßte sich ein Globaler Wirtschaftsgipfel stellen:

Die erste Aufgabe: Wie können die Früchte der Globalisierung auf alle Länder verteilt werden? Die meisten Prognosen nehmen an, daß das Wachstum in der entwickelten Welt künftig niedrig bleiben wird und daß in den Entwicklungsländern hohe Wachstumsraten gebraucht werden, damit dort der Lebensstandard wächst. Noch leben fast vier Milliarden Menschen in Ländern mit einem jährlichen Pro-Kopf-Einkommen von unter 1500 Dollar. Das wichtigste Versprechen der Globalisierung ist es, diese Menschen aus der Armut zu holen.

Die zweite Aufgabe: Wie beseitigen wir die Gefahr, daß Globalisierung möglicherweise nur ein sehr instabiles Wirtschaftswachstum produziert? Die Finanzkrise in Asien nährt die Ängste vor einer instabilen Weltwirtschaft. Bislang führt dieses Problem viel zu schnell zu einem Disput zwischen denen, die den freien Markt für heilig halten, und denen, die ihm auch Probleme zuschreiben, die gar nicht durch ihn entstanden sind.

Die dritte Aufgabe: Wie läßt sich den wachsenden Befürchtungen in den Industrieländern begegnen, daß globaler Wettbewerb zu einem Dumping-Wettrennen führt? Trotz der bislang offensichtlichen Vorteile der Globalisierung für die reichen Nationen zeigen Umfragen, daß ein wachsender Teil der Öffentlichkeit in den Vereinigten Staaten und auch in Westeuropa glaubt, der Wettbewerb mit den armen Ländern drücke bei ihnen die Löhne und koste ihre Jobs. In den USA sind die stagnierenden Gehälter der Mittelklasse und Unterschicht einer der Hauptgründe für die Vorbehalte gegenüber der Globalisierung. Da außerdem hochqualifizierte Arbeitnehmer immer besser bezahlt werden, wächst dort die Einkommensungleichheit.

Die vierte Aufgabe: Wie sorgen wir dafür, daß all die vielen neuen Schwierigkeiten – beispielsweise Umweltverschmutzung, Kriminalität und Terrorismus – nicht als Vorwand dienen, um internationale Kooperation zu verhindern? Die Globalisierung von Handel und Investitionen hat die Souveränität nationaler Regierungen geschwächt und das Leben für viele Menschen ungewisser gemacht. Diejenigen, die nun in die Isolation zurückwollen und am liebsten neu Handelsbarrieren errichten würden, verwechseln Ursache und Wirkung. Wir haben die neue Welt des globalen Marktes und der direkten Kommunikation doch geschaffen, um einen höheren Lebensstandard zu erreichen. Wir wollten jenseits der nationalen Grenzen Effizienzgewinne möglich machen. Das Ziel war es, Kosten zu senken, Wahlmöglichkeiten zu vergrößern, mehr Kapital verfügbar zu machen und die Märkte zu öffnen, damit der einzelne mehr persönliche Macht hat – und zwar in einem multilateral geregelten System. Diese Überlegungen führten auch zur Schaffung der Europäischen Union, der Nordamerikanischen Freihandelszone Nafta, zur asiatischen Wirtschaftsgemeinschaft Asean und zum südamerikanischen Mercosur.

Warum brauchen wir trotzdem heute einen neuen Gipfel? Wir schlagen den Globalen Wirtschaftsgipfel vor, weil sich die bestehenden internationalen Foren als unzureichend erwiesen haben. Das Treffen der G-7 ist zu exklusiv, Weltbank und IWF-Tagung sind zu sehr auf Finanzfragen reduziert, die jährliche UN-Generalversammlung ist nur noch ein Ritual. Viele Politiker empfinden Gipfeltreffen daher als Zeitverschwendung – eine Folge des G-7-Treffens, das längst seine Wirkung verloren hat.

Der Globale Wirtschaftsgipfel soll sich – anders als das G-7-Treffen, das sich häufig ebensosehr mit dringenden politischen oder militärischen wie mit ökonomischen Problemen beschäftigt – nur mit den Herausforderungen der Globalisierung beschäftigen und nur einmal stattfinden, am besten noch vor Ende 1999. Auf dem Gipfel sollten Regierungschefs vertreten sein, die alle Regionen und alle Entwicklungsstadien repräsentieren. Zwei Dutzend müßten genug sein, um alle zu vertreten, und wenig genug, um noch arbeiten zu können. Die Chefs von Weltbank, IWF, WTO und den Vereinten Nationen sollten anwesend sein.

Die endgültige Agenda müßte natürlich von den teilnehmenden Regierungen festgelegt werden, aber wir schlagen vor, daß ein Komitee aus „weisen Männern und Frauen", die von den Regierungen ernannt werden, die Vorarbeit leisten. So etwas hat sich in der Praxis bereits als sehr nützlich erwiesen, beispielsweise beim Asean-Gipfel.

Auf der Agenda müssen auf jeden Fall folgende Fragen auftauchen:

Wie können wir dafür sorgen, daß die ärmsten Länder durch die Globalisierung nicht völlig marginalisiert werden?

Wie besänftigen wir die Furcht, daß das Wirtschaftswachstum, das durch die Globalisierung entsteht, die Welt gefährlich destabilisieren kann?

Wie bekämpfen wir die Furcht in den Industrieländern, daß die Globalisierung den Lebensstandard senkt?

Auf diese Fragen gibt es keine einfachen Antworten. Sie betreffen die schwierigsten Herausforderungen, die unsere Welt zur Zeit bewältigen muß und die keine nationale Regierung alleine bewältigen kann. Auch ein Gipfel mag noch keines der Probleme lösen. Er könnte aber ein erster Schritt sein und zumindest Vertrauen dafür schaffen, daß durch Zusammenarbeit auch die größten Herausforderungen bewältigt werden können.

Aufnahme: Studio Alsen

Unter **www.zeit.de/links/** finden Sie weitere Informationen über den Globalisierungsgipfel

Mahner mit Visionen

Dafür oder dagegen? Wenn das Stichwort „Globalisierung" fällt, dann spalten sich die Nationen. Globalisierung ist gut und mehrt den Wohlstand, wiederholen stereotyp die einen, meist sind es Ökonomen, Politiker und Unternehmer. Globalisierung schafft viele Verlierer und wenige Gewinner, kommentieren die anderen, eine diffuse Gruppe aus Nationalisten und Protektionisten, Gewerkschaftern und Naturschützern. Die Zahl ihrer Sympathisanten wächst stetig. Immer häufiger nämlich verbinden Bürger mit der Globalisierung vor allem Gefahren: Arbeitsplatzverlust oder Dumping-Konkurrenz, Finanzchaos oder weltweiten Umweltfrevel – die Liste ließe sich beliebig verlängern. „Wenn die globalen Märkte staatliche Lenkungsmöglichkeiten zunichte machen und die Politik diktieren, dann wird die Demokratie zu einer leeren Worthülse und ernsthaft bedroht", mahnte erst am vergangenen Wochenende ein Kongreß von Europa-Grünen, JG Medien und der Bonner Dritte-Welt-Initiative WEED. Globalisierung, das Menetekel der Jahrtausendwende?

Peter Sutherland und John Sewell gehören nicht zu diesen Gegnern. Im Gegenteil. „Je mehr Handelsbeziehungen bestehen, je freier Kapital oder Investitionen über die Grenzen fließen können, je mehr Interdependenzen existieren, desto eher sinkt die Gefahr von Konflikten", sagt Peter Sutherland, der heute als Chairman der Investmentbank Goldman Sachs International arbeitet. Als EU-Kommissar und als Chef der Welthandelsorganisation Gatt hat er einst selbst die Liberalisierung der Weltmärkte vorangetrieben.

Daß sich der einflußreiche Freihändler nun gemeinsam mit dem Washingtoner Wissenschaftler John Sewell zum Mahner aufschwingt, ist bemerkenswert: Die Zeiten, als es reichte, die Nachteile der Globalisierung mit Hinweis auf langfristige Segnungen wegzuwischen, scheinen endgültig vorbei. „Ich habe Bedenken nicht weil ich gegen die Globalisierung bin, sondern weil ich dafür bin", sagt Sutherland und begründet auch, warum: „Wenn wir uns nicht um die Verlierer kümmern, dann laufen wir Gefahr, den Konsens über die Vorteile zu verspielen." Gerade für Exportnationen wie Deutschland aber sei das fatal. Auch aus diesem Grund nutzt Sutherland seinen Einfluß, um die Regierungschefs der Welt an einen Tisch zu bitten: „Wir dürfen die ökonomische Zukunft der Welt nicht dem Autopiloten überlassen." *pin*

THE OTTAWA CITIZEN
FRIDAY, FEBRUARY 13, 1998

ARGUMENT & OBSERVATION

A global summit on globalization

BY PETER D. SUTHERLAND AND JOHN W. SEWELL

Asia's economic crisis is a chilling reminder that even the greatest beneficiaries of free-market development are prey to the brutal way that markets settle accounts. From Thailand to the Philippines, problems in one economy expose the weaknesses in others, and national borders become irrelevant in containing the spread of a crisis that is truly global in impact.

We believe a carefully designed Global Economics Summit would be an important first step to deal with the challenges of globalization — the whirlwind of technological change and liberalized trade and investment that is bringing huge gains in communications and efficiency, and effecting huge shifts in wealth and production. What are globalization's true benefits and costs? Can our existing international arrangements deal with the stresses it produces?

Swift actions by the International Monetary Fund and the World Bank are welcome but represent only *ad hoc* responses. We propose a discussion by a representative group of world leaders to examine the impact of globalization, positive and negative, to find ways to predict future crises and put effective mechanisms in place to handle these emergencies.

On balance, globalization's effects have been good. Spurred by unprecedented liberalization, world trade continues to expand faster than overall global economic output, unleashing a wave of productivity and efficiency that is creating millions of export-related jobs.

Increased imports have created millions more jobs by delivering lower-priced raw materials to places where they are scarce. Even more impressive has been the stunning increase in international investment. Since the mid-1980s, foreign direct investment has been growing four times as fast as world trade. In the 1990s alone, foreign investors have poured $1 trillion into developing economies.

Yet, although globalization has raised living standards for many, its dynamism has made life more difficult for those dislocated by change, and it threatens to leave a significant part of the world behind. It is no coincidence that the disappointing economic performance of most of sub-Saharan Africa and other poor nations has occurred while trade and investment there have lagged behind the rest of the world. Foreign direct investment has been surging for other nations, but new investment flows barely increased in Africa.

The foremost challenge of globalization is to ensure that its fruits extend to all countries. Most forecasts say economic growth for the developed world will continue to slow in the next decade, and expanding markets in the developing world will be vital to ensure living standards continue to rise.

There are nearly four billion people who live in countries with a per capita gross domestic product of less than $1,500 a year.

The greatest promise of globalization is that it will help lift those people out of poverty and turn them into consumers.

The second challenge of globalization is the fear that the growth it brings is inherently and dangerously destabilizing. The financial crisis in Asia has amplified these fears. All too quickly this question degenerates into an argument between those who see markets as purely benign, and those who would blame markets for the predictable effects of deviating from market principles. For most, the costs of being left behind by globalization appear much greater than the potential costs of instability.

The third challenge is the concern growing in the developed world that the increased competition will result in a "race to the bottom." Despite the apparent benefits of globalization for wealthy nations, polls show a growing share of the public in the United States and Western Europe believes competition with developing countries is driving down wages and siphoning off jobs.

In the United States, the most important factor driving doubts about globalization has been stagnant wages for low- and medium-skilled workers. At the same time, vibrant growth in wages for high-skilled workers has led to a widening disparity in incomes.

The fourth challenge is to ensure that many problems complicated by globalized trade, investment, technology, and communication are not used to avoid the search for new ways to co-operate in the global interest. Among these problems are environmental degradation, disease, migration, crime and terrorism: problems shared by the developed and the developing world.

Globalization of trade and investment has in some ways weakened the independence of national governments and made life less predictable for many individuals. But those who would use barriers to trade and investment to recapture an earlier era of independence confuse the cause and effect of globalization.

In pursuit of higher living standards, we have created this new world of global markets and instantaneous communication to deliver gains in efficiency and competition beyond the power of national governments.

The goal is not to disenfranchise the individual, but to lower costs, broaden choices, deliver more capital, and open more markets to give the individual more personal power — in a system that is rule-based and multilateral rather than unilateral.

We propose a summit representing the industrial countries, emerging economic powers, and countries facing marginalization as a first step in addressing the challenges of globalization. Existing international forums are clearly inadequate.

The Group of Seven summit is too narrow in its membership. The World Bank and International Monetary Fund annual meetings are too narrowly focused on finance. The yearly gathering of heads of state at the opening sessions of the United Nations General Assembly is too ritualized.

Unlike the Group of Seven "economic" summit, which often focuses as much on immediate political and military matters as on economics, this proposed summit would be dedicated to the four challenges of globalization.

It would be a one-time event, ideally to take place before the end of 1999. It would not involve a negotiation process, and would not supersede any existing forum. Rather, it would be political in nature and informal in procedure, allowing government leaders maximum flexibility in discussing the challenges of globalization.

A global economic summit should include government leaders representing all regions and levels of development. About two dozen governments would be enough to allow broad participation, while small enough for all to have input. It might also be useful to include the heads of the World Bank, International Monetary Fund, World Trade Organization, and United Nations.

The final agenda should be determined by the participating governments, but we suggest that a committee of "wise men" (and women) be chosen by those governments to provide background for the discussions and to suggest the agenda subjects.

A summit of world leaders may not solve any of these problems, but collective action can be a crucial first step in generating confidence that even the most daunting challenges can be surmounted when we work together.

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John W. Sewell is president of the Overseas Development Council. He is the author of numerous articles and books on development and global issues.

SUNDAY, FEBRUARY 8, 1998

The New York Times

Money&Business

VIEWPOINT

PETER D. SUTHERLAND and JOHN W. SEWELL

Gather the Nations To Promote Globalization

IT is time for a serious rethinking of how international institutions and world leaders cope with the stresses and strains of globalization. The Asian economic crisis shows that ad hoc actions by the International Monetary Fund and the World Bank are just that — temporary measures, often necessary, often effective.

At the Overseas Development Council, however, we believe that only a carefully designed summit conference on globalization can point the way to longer-term measures to prevent and anticipate future crises.

The world is starting to feel the full impact of globalization — the whirlwind of trade, investment and technological change that can build up an economy overnight and bring it low just as quickly.

Over all, the effects of globalization have been good. Prompted by unprecedented liberalization, world trade continues to expand faster than global economic output, unleashing a wave of productivity and efficiency that has created millions of jobs. Even more impressive is the stunning increase in international investment that builds roads, airports and factories in poorer countries. In the 1990's alone, foreign investors have poured $1 trillion into developing economies.

Although globalization raises living standards for many, it also increases countries' vulnerability to volatile capital markets, makes life more difficult for those dislocated by change and threatens to leave part of the world behind. It is no coincidence that the disappointing economic performance of most of the sub-Saharan region comes while trade and investment there lag behind the rest of the world.

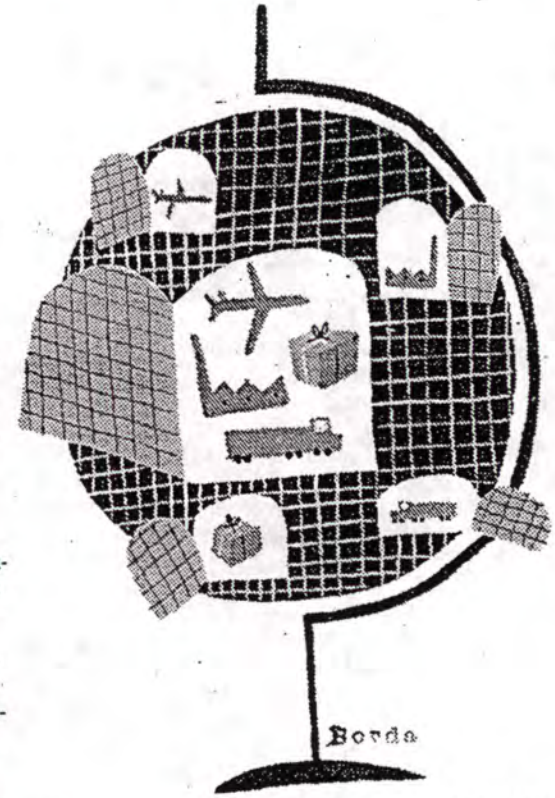
Globalization offers four main challenges:

- *To insure that its fruits extend to all.* Most forecasts say economic growth in the developed world will continue to slow and that expanding markets in developing countries are needed to insure that living standards keep rising. Four billion people exist on less than $1,500 a year. Globalization can lift them from poverty and turn them into customers.
- *To calm the fear that growth is destabilizing.* The Asian crisis, threatening some of the most formidable economic competitors in the world, amplifies this fear of globalization. Still, the cost of being left behind by globalization is usually much greater than the potential for instability.
- *To assure wealthier nations that international competition will not start a race to the bottom.* Polls show that more and more people blame global trade and investment for economic upheaval in established economies. Indeed, there is ample evidence that globalization is helping most economies across the board and that stagnant wages in the United States and unemployment in Europe have other causes.
- *To address the problems that are complicated by expanded trade, investment, technology and communication.* The ability to confront problems like environmental degradation, disease, crime and terrorism — will depend on increasing global cooperation.

Undoubtedly, globalization of trade and investment has weakened the independence of governments and made life less predictable for many people. But those who would build barriers to trade and investment to recapture an earlier era of independence are confusing the cause and effect of globalization. In pursuit of higher living standards, we have created a new world of global markets and instant communication, delivering gains in efficiency and competition that are beyond the powers of governments. The goal is not to disenfranchise the individual but to give individuals more power to control their destinies by lowering costs, broadening choices, delivering more capital and opening more markets.

As an important first step in addressing the challenges of globalization, the O.D.C. proposes a meeting of a group of world leaders from the old industrial countries, emerging economic powers and those countries facing marginalization.

Existing international groupings are inadequate. The Group of Seven, for the leading industrial nations, is too narrow in membership; the World Bank and I.M.F. are too focused on finance.



Juliette Borda

We know that many people view summit conferences as a waste of time. Much of this sentiment comes from the annual G-7 conference, a process that started losing its sense of purpose a decade ago. But other conferences have been successful when designed around specific themes. The 1994 meeting of Pacific Rim leaders, for example, kicked off free-trade negotiations.

The Globalization Summit conference that we propose would be a one-time event, and we hope it could take place before the end of 1999. Such a conference would not be expected to produce sweeping accords on specific issues and would not supersede any other forum.

Unlike the G-7, this meeting should include countries representing all regions and levels of development. A group of about two dozen leaders would be big enough to allow broad participation, but small enough for all to have a say.

Participating governments would decide the agenda. But we propose that a committee of wise men and women chosen by those governments suggest an agenda covering the challenges of globalization.

These challenges are among the most difficult facing our world and strain the abilities of governments to confront them independently. A meeting may not solve all these problems, but collective action can be a crucial first step in generating the confidence needed to do so. ☐

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■ VIEWPOINT ■

Peter Sutherland

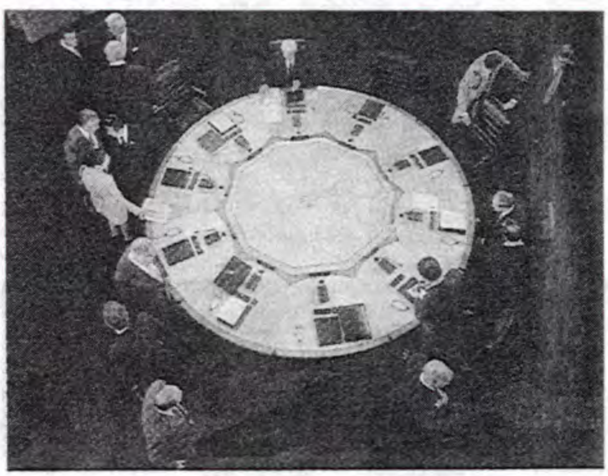
Expand the Debate on Globalization

How to handle the phenomenon that spurs expansion but triggers dislocation

ASIA'S FINANCIAL CRISIS IS STOKING THE DEBATE OVER globalization. It can be a whirlwind of trade and investment that builds economies and spurs development in even the world's poorest nations. But it can also bring economies low overnight.

We at the Overseas Development Council believe that globalization raises some of the most important issues facing humankind today. We believe that these are challenges that must be addressed at the highest level and on a continuing basis. We propose a summit meeting of a representative group of world leaders to kick-start such a debate.

Globalization's effects have been overwhelmingly good. Spurred by unprecedented liberalization, world trade continues to expand faster than overall global economic output, inducing a wave of productivity and efficiency and creating millions of jobs. Even more impressive is the stunning increase in international investment that is building roads, airports and factories in poorer countries. In the 1990s alone, foreign investors have poured $1 trillion into developing economies. This trade and investment is raising living standards in some countries faster than many thought possible. Until recently, it took at least two generations for living standards to double, but in China, living standards now double every 10 years.


The summit of industrialized countries should be expanded

But while globalization has raised living standards for many, it has made life more difficult for those dislocated by change and it threatens to leave part of the world behind. It is no coincidence that the disappointing economic performance in much of Sub-Saharan Africa reflects a failure to integrate into the world economy and, thus, to trade successfully and attract investment.

The foremost challenge of globalization is to ensure that its fruits extend to all countries. Most forecasts say that economic growth in the developed world will continue to slow, and that expanding markets in developing countries are needed to ensure that living standards continue to rise.

The second challenge of globalization is to allay the fear that the growth it brings is inherently destabilizing. The Asian crisis, threatening some of the most formidable economic competitors in the world, amplifies these fears. Nevertheless, the costs of being left behind by globalization are usually much greater than the losses caused by instability.

The third challenge of globalization is to address the concern in wealthier nations that international competition will harm living standards. There is ample evidence that stagnant wages in the United States and unemployment in Europe have other causes—technological change, poor education, Europe's inflexible labor markets, high taxes and an aging workforce. But polls show more and more people believe the causes lie in worldwide trade and investment. This undermines the kind of leadership needed to respond to the Asian financial crisis and deal with other global problems.

The fourth challenge of globalization is to tackle the problems complicated by expanded trade and investment—environmental degradation, disease, migration, crime and terrorism. Our ability to confront this set of new, post-Cold War challenges will require greater global cooperation.

There is no doubt that globalization of trade and investment has in some ways weakened the independence of national governments and made life less predictable for many individuals. But those who would erect barriers to trade and investment to try to recapture an earlier era of independence confuse the cause and effect of globalization. In pursuit of higher living standards, we have created this new world of global markets and instant communication to deliver gains in efficiency and competition that are beyond the powers of national governments. The goal is not to disenfranchise the individual, but to lower costs, broaden choices, deliver more capital and open more markets, giving the individual more power to control his or her destiny.

We propose that a global economic summit be held before the end of 1999. Unlike the annual summit of the G-7 industrialized countries—an event that started losing its sense of purpose a decade ago—this gathering should include government leaders from all regions and levels of development. About two dozen governments would be enough to allow broad participation, while small enough for all to have input. The summit would examine the challenges of globalization and establish a framework for ongoing discussion among the participants. Preparation should be undertaken by governments, international organizations and an "eminent persons group," which, after the summit, should continue to provide analysis for the high-level debate.

The challenges raised by globalization yield no easy answers. They strain the abilities of national governments to confront them independently. Collective consideration, in the form of the proposed summit and some ongoing consultative process, will be a crucial confidence-building effort.■

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FINANCIAL TIMES

FINANCIAL TIMES MONDAY JUNE 16 1997

COMMENT & ANALYSIS

Personal View · **Peter Sutherland and John Sewell**

Global way to a fair deal

There are many steps the G7 can take to promote the health of the world economy

The leaders of the seven largest industrial countries gather in Denver this week for their annual summit. If events follow the recent pattern, the final communiqué will focus not only on traditional issues, such as monetary policy and expanding trade, but also on the impact of globalisation.

Globalisation – the fundamental changes in the world economy unleashed by technological advances and the liberalisation of trade and capital – promotes efficiency and innovation and creates wealth that can lead to more just and equitable societies.

But rapid adjustments in patterns of production, investment and trade are not without cost. There are deep concerns that many individuals – and even nations as a whole – will be left out or will have to bear the costs of benefits enjoyed by others.

These concerns are understandable. It took decades before the benefits of the industrial revolution were widely and equitably shared in the G7 countries.

There are many steps the G7 can take to maintain the health of the global economy and to meet these new challenges. But they must also widen the set of actors. Last year the G7 called for "new global partnerships" between developed and developing countries and the multilateral institutions to ensure that all countries benefit from globalisation.

The goal is correct, the forum is not. The G7 framework is inadequate to address the policy implications of globalisation. The process must involve both those "emerging market" countries now driving and benefiting from globalisation – notably in Asia and Latin America – as well as those countries marginalised by it, in particular many countries of sub-Saharan Africa.

Effective responses to deepening globalisation must be based on mutual commitment to policy changes and on a renewed emphasis on multilateralism. Fortunately, there is no immediate need to create new institutions. The World Bank and its regional partners, the International Monetary Fund, the World Trade Organisation and the United Nations have vigorous leaders and the required institutional capacity.

There are, however, important initiatives that the G7 can take to give meaning to the notion of "new global partnerships" which, over the long run, will deepen multilateralism:

- G7 leaders should propose a new global economic summit – a periodic meeting bringing together the heads of government of big industrial countries, representatives of the emerging economies and the poorest countries, along with leaders of multinational institutions. These informal meetings would be designed to promote initiatives that could be implemented by existing institutions.
- The consequences of globalisation must be addressed. To capture the benefits and buffer the costs of intensifying globalisation, new public policies within and between countries are needed, particularly for nations in transition and in the developing world.

Multilateral co-operation will be needed on two fronts. First, it must focus on helping those countries that are at risk of marginalisation. The need is particularly critical for the very poor countries that lack the infrastructure, human skills and governmental capacities needed to tap into the benefits of globalisation.

> There are deep concerns that many individuals – and even nations – will be left out or will have to bear the costs of benefits enjoyed by others

Second, the possible side-effects of globalisation – including environmental degradation, health challenges, migration, and the threats of crime and terrorism – must be confronted. None of these problems is new, but the combination of rapid technological change and increased cross-border commercial transactions has created an environment in which such scourges can spread more easily.

G7 leaders could take the initiative to focus their "new global partnerships" on programmes designed to build human capacity to capture the benefits of globalisation, support programmes that would not otherwise attract private investment and trade, and create a new set of global arrangements among governments focused on such issues as health, environmental and security.

There must also be a greater willingness to open markets for such vital developing country exports as textiles and agriculture.

Countries will also require financial support. The 50th anniversary of the Marshall plan offers the opportunity for the G7 leaders – whose countries provide three-quarters of all development aid – to make long overdue changes in their aid programmes to support new global partnerships.

Development in low-income countries is much more important than it was during the cold war, when too much aid went to buy allies. Now, development is at the core of the solution to the problems that affect the long-term interests of the G7 countries themselves given the ever-tighter links between rich and poor countries. Aid and other policies need to reflect that reality.

- G7 leaders must seek to equip Africa, by far the most marginalised continent, with the necessary physical and institutional infrastructure as well as human capital to take advantage of global opportunities.

Africa does not need more conventional aid, which has too often promoted political interests, been tied to donor exports, and has gone to the repayment of debt and the purchase of inappropriate technical assistance.

G7 countries should immediately drop existing non-tariff restrictions on exports – particularly textiles and agricultural produce – for those African governments committed to much more rapid and deep economic liberalisation.

Reform-minded African countries should be offered technical assistance geared towards helping them exploit trade opportunities. They should be given much deeper and faster debt reduction than currently proposed, have access to export incentives and guarantees to promote private investment, and be helped to tap into the information revolution. These new commitments should be limited in time – say for 10 years. This would be enough to allow committed African governments to be launched on the path of global integration.

Globalisation is inevitable. Both the benefits and the risks are high. The issue is how globalisation will be addressed while still in its infancy. If it is not managed correctly, it may lead to instability, even in countries that benefit. The costs of an ever-more marginalised developing world would be considerable.

Conversely, if countries perceive the benefits globalisation can bring, they are more likely to be willing and able to co-operate with the G7 countries to address the challenges – from trade expansion and global financial stability to the control of narcotics, crime and terrorism.

We have an opportunity to create an international system that maximises growth and equality. It could integrate emerging economic powers and bring marginal participants into the mainstream of global expansion. Unless it pursues concrete initiatives to create truly "new global partnerships" that ensure the benefits of globalisation extend to all, the G7 risks becoming even more irrelevant.

Peter Sutherland is chairman of the board of the Overseas Development Council and former director-general of the General Agreement on Tariffs and Trade. John Sewell is ODC president.

THE CHRISTIAN SCIENCE MONITOR

OPINION/ESSAYS

June 5, 1997

Developing nations should be part of global 'architecture'

Marshall's Vision for 1997

By John W. Sewell and David Gordon

GEORGE C. MARSHALL was a man of few words, so it's ironic that 50 years later the world is commemorating a speech he made. When Secretary Marshall addressed Harvard's 1947 commencement, he did not, in fact, offer a plan. Rather, Marshall described a vision of US leadership, born of a recognition that US and global interests would henceforth be inextricably intertwined. At a point when US foreign policy is searching for direction, we would do well to recall Marshall's vision, which still has surprising relevance.

The Marshall Plan is remembered primarily for its size and the urgency of its implementation. But, while typically remembered as having supplied the bricks and mortar of European reconstruction, its most important legacy was in providing the architecture for decades of European integration, economic reform, and transatlantic partnership.

The way postwar aid was leveraged to create partnerships and structures for stability still offers important lessons.

It would be facile to suggest that a "new Marshall Plan" could be implemented for the former Soviet Union or parts of the developing world. The postwar reconstruction of Europe necessitated a type of aid that was unique. But the way in which US aid was leveraged – creating partnerships and structures for stability – still provides an important lesson for US foreign policy. The Marshall Plan's most critical, and often underappreciated, element was to link US assistance, European monetary discipline and trade liberalization, and the stability of the postwar world.

Overcoming suspicions

The cooperative nature of the plan enabled the US to overcome European suspicions about US intentions while still meeting our own long-term goals. Used as a lever to promote an integrated European economy, lower trade barriers, and entice membership in multilateral institutions, the plan helped ensure decades of European prosperity and linked the US irrevocably to Europe as a partner, not a rival. This approach – more than the plan's largesse – is the enduring lesson for US foreign policy.

Today industrialized countries are generally well integrated into the international economy, but most developing nations are not. Not only are developing countries the fastest-growing markets for US exports, but the world's most pressing issues – pollution, climate change, infectious diseases, drug trafficking, refugee resettlement, and the threats of crime and terrorism – link the fate of the industrialized nations to the future of the developing countries. These transnational problems demand transnational cooperation with US leadership. Given the globe's increasing dispersion of political and economic power, a go-it-alone policy will limit rather than enhance US influence.

In half of the developing world – much of Asia and Latin America – real gross national product per capita has quintupled within a generation, and this growth will continue. If we do not seize the agenda today in extending multilateral trade and financial institutions and security arrangements, we risk diminished influence in regions that will increasingly affect our own well-being. American exports will be threatened by unfair trading practices unless these nations begin to comply with international norms.

Environmental compliance

The global trading system that protects US interests cannot continue to function adequately unless poorer countries establish more sophisticated legal and administrative capabilities, and are brought more fully in line with the standard policies and practices envisioned by international organizations such as the World Trade Organization. Similarly, just as international environmental conventions are unworkable today without the cooperation of major polluters like the US, the health of the global ecology tomorrow will hinge upon the environmental compliance of countries like China and India.

Equally challenging are those areas of the developing world – especially in Africa – that are yet to reap the benefits of science, the new technologies and expanding markets. Will the United States provide the leadership needed to generate a sustained, coherent, and generous policy toward the nations that represent the poorest third of the world's people? A great many of the least-developed nations teeter on the verge of marginalization. And, in the long term, peace and stability cannot be built in a world marked by increasingly obvious inequality.

Facilitating reform in the developing world, while linking these countries into the arrangements of global cooperation, is a major challenge facing the post-cold-war world. The world needs US leadership, and the cultivation of myriad economic, political, and military relationships, as was done by the Marshall Plan, is the best way to project that leadership into the next century. Yet funding for the tools of international cooperation – development assistance, the multilateral development banks, international specialized agencies, and the United Nations – have been targets for congressional budget axes, and their future is in doubt. We should not be seduced by the notion that trade and private investment alone will solve the challenges of the developing world.

The Marshall Plan was born of a generation that endured economic calamity and world war growing out of a failure of international cooperation and a lack of US leadership. Distressingly, that generation's wisdom, which helped guarantee a half century of prosperity and security, may not survive its passing. The establishment of ambitious European partnerships was the most important and enduring aspect of the Marshall Plan, and the incorporation of developing countries into this architecture should be a major goal of US foreign policy.

■ *John W. Sewell is president of the Overseas Development Council in Washington; David Gordon is director of its US Program.*

The ODC

The Overseas Development Council (ODC) is an independent, international policy research institution that seeks to improve decision making on multilateral cooperation in order to promote more effective development and the better management of related global problems. Its program focuses on the interrelationship of globalization and development, and improved multilateral responses to these linked challenges.

To this end, ODC provides analysis, information, and evaluation of multilateral policies, actions, and institutions; develops innovative ideas and new policy proposals; and creates opportunities for decision makers and other interested parties to participate in discussions of critical global issues and decisions.

ODC is governed by an international Board of Directors of recognized and widely respected policy leaders on multilateral development and global issues. It is headed by Peter D. Sutherland, the former head of the GATT, who is now Chairman of Goldman Sachs International and of British Petroleum. ODC's President is John W. Sewell.

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Politics & Diplomacy

file globalization

Globalization and the Demands of Governance

Princeton N. Lyman

Globalization has ushered in sweeping new trends that challenge traditional concepts of governance. International organizations will have to adjust to these new challenges, for they are not currently equipped to address them effectively. U.S. multilateral diplomacy must adjust as well, although there is resistance within the American political psyche to do so.

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As the world's only superpower, the United States approaches international agreements differently from other countries. It is caught between the comforting reliance of its own overwhelming power, and the imperative of leading the international community into a system that protects and enhances American interests. The United States is not wrong to be wary. Contemporary international mechanisms of governance are hardly paragons of efficiency or neutrality. But the new global threats to American interests are no longer easily addressed through unilateral action. The new threats cut across borders, defy national controls, and pay no respect to relative national power. They demand new forms of governance. International governance does not mean international government; rather, it is effective management within a system still based on independent nation-states. The United States is the only country with the power and resources to help create these new forms of governance. Without active American engagement and leadership, the twenty-first century may be a very messy, unhappy place.

Beyond Finance. The term "globalization" is often used to describe the rapid growth of interdependency and connection in the world of trade and finance. This growth has been phenomenal. In 1978, trade accounted for nine percent of the world's GDP, compared to 24 percent today. Thirty percent of the growth experienced in the United States over the last six years comes from expanding markets overseas.[1]

International financial transactions have exploded even more dramatically. Every day more than $1 trillion is exchanged in foreign transactions. This is enough to finance the entire world's trade an investment for a year. Much of this $1 trillion thus goes into short-term loans or speculative currency transactions.[2]

These trends have changed the nature of the debate about economic growth. In the spirit of Francis Fukuyama's dictum about the end of history, democracy and market economies have become the mantra of economic policy advice for industrialized and developing countries alike. Previously, official aid flows to developing countries far outstripped private financial flows. Today, 85 percent of financial flows to developing countries come from private sources and only 15 percent from aid.[3] Advocates of development policies seek to tap into this major explosion of trade and private financing.

Nevertheless, there is much more to globalization than expanding trade and financial flows. There are other trends driven by the same explosion of technological capability that have facilitated the financial changes. Globalization of communications is one such trend. According to Walter Wriston, the flood of real-time data has transformed the international economy more fundamentally than simply the movement of goods and finance. "For the first time in history, rich and poor, north and south, east and west, city and countryside are linked in a global electronic network of shared images . . . . Ideas move across borders as if they did not exist. Indeed, time zones are becoming more important than borders."[4]

The consequences of these globalizing trends demand a fundamental reordering of the world. James Rosenau presents the issue in terms of the need to develop a new worldview. Such a worldview should recast the relevance of territoriality, highlight the porosity of boundaries, treat the temporal dimensions of governance as no less significant than the spatial dimensions, recognize that networking organizations have become as important as hierarchical ones, and posit shifts of authority to subnational, transnational, and nongovernmental levels as normal.[5]

Worrisome Trends. The need for a new worldview is heightened by worrisome global trends that accompany those taking place in finance and technology.

MIGRATION. Today, 120 million people in the world live in a country other than that of their birth. Most move from one developing country to another.[6] However, migration pressures have created political tensions in Europe as it now faces sociopolitical demands from the millions of foreign workers that live there and who continue to enter. Countries like Egypt and the Philippines promote the export of workers as remittances from these workers dwarf other sources of finance. In the case of the Philippines, worker remittances amount to three times the amount of foreign aid.[7] Migration will not dissipate any time soon as population levels continue to grow in developing nations.

Civil War and Refugees. Despite general peace among nations, the number of civil wars has grown dramatically. In the 1990s, fifty-eight armed conflicts ranked as humanitarian emergencies compared to five in 1985. The number of people affected in these wars are enormous, with civilians comprising 90 percent of the casualties.[8] The ramifications of such internal wars are global. Fifteen million refugees and twenty million internally displaced people stretch the resources of neighboring countries and international agencies. Expenditures on UN humanitarian emergency programs now exceed funding for the UN's Development Program.[9] The United States spent as much on relief aid for victims of genocide in Rwanda as it provides annually in aid to all of sub-Saharan Africa.[10]

Despite these expenditures, political trends do not bode well for refugees. The Democratic Republic of the Congo is currently engulfed in a civil war that has as much to do with refugees as anything else. The future of that country is uncertain at best. In the Balkans, Montenegro barred Albanian refugees from its territory during the fighting in Kosovo, and Germany has pressured Serbian and Croatian refugees to return home under uncertain conditions. The United States rejected the UN's pleas when turning back Haitian boat people in the early 1990s. Asylum for refugees is under assault.

Growing Income Inequality. Persistent and growing economic inequality is another facet of globalization. World consumption is twice what it was in 1975 and six times that of 1950. The income ratio between the world's richest 20 percent and the poorest 20 percent was thirty to one in 1960; today it is more than sixty to one. Twenty percent of the world's people in the highest income countries account for 86 percent of total private consumption expenditures, while the poorest 20 percent account for a mere 1.3 percent. For energy consumption, the figures are 58 percent versus 4 percent. And in this age of international communication, the richest fifth have 74 percent of all telephone lines, the poorest have 1.5 percent; the top fifth make up 93 percent of the world's Internet users, the poorest fifth make up 0.2 percent.

Environmental degradation also poses grave threats to the poor, which are at least equal to, if not greater than, those posed to the rich. Those in water-stressed countries are primarily the poor. Degradation of forests occurs mostly in developing countries, while the products are largely sold to industrialized nations.[11] The World Bank lists twenty-two nations as having severe water problems and eighty nations with serious ones.[12]

Meanwhile, globalized finance lifts only a few. While private financial flows have been rapidly increasing to developing countries, outstripping aid, twelve countries alone accounted for more than 80 percent of those flows. Of $206 billion in private financial flows to developing countries in 1997, only $2 billion went to the least developed.[13]

The sheer disparities in size pose a major threat to the poorer countries in this age of capital account liberalization. The Bank of International Settlements (BIS) points out that a hypothetical shift of one percent of equity holdings by institutional investors away from domestic equities in the Group of Seven (G7) countries would represent only slightly more than one percent of total market capitalization. But a shift of the same amount of funds from equities abroad would be equivalent to 27 percent of market capitalization in Asian emerging economies and over 66 percent of Latin American equity markets. The BIS did not even measure African economies.

As South Africa's President Thabo Mbeki noted wryly in his address on globalization to the Non-Aligned Movement in 1998, "A slight turn by the sleeping elephant, to make itself more comfortable, can result in the complete annihilation of the entire universe of a colony of ants."

The Rise of NGOs. As the international community seeks to come to terms with these more disturbing trends, and others like them (infectious disease, international crime, drugs), a new entrant on the scene adds both potential and complexity to the challenges of governance. This is the growth of non-governmental organizations, operating not only within states but increasingly across them to influence both governments and international bodies.

NGOs led the way to the Ottawa treaty to ban land mines. They played a critical role in the negotiations over an International Criminal Court, virtually cowing some governments. According to UN Secretary-General Kofi Annan, we are seeing the creation of a global civil society.[14]

Even if an international organization like the UN is committed to more openness to NGOs—and not all are—the sheer logistics are daunting. The UN has a system for accrediting NGOs to participate in its work, requiring a careful review of each organization's character and *bona fides*. But today, the system is swamped with thousands of applications, and these organizations are demanding not only accreditation but more access, more speaking time, more equality with member states, and more influence.

The growing presence of NGOs, on the other hand, offers the potential for new forms of public-private partnerships. We see these in the World Commission on Dams, the public-private partnership beginning on vaccines for AIDS and other diseases, and in environmental programs.[15]

Superpower Ambivalence. The United States' response to the trends of globalization as regards governance—and in particular the role of international organizations—is at best ambivalent. Despite its almost overwhelming power, the United States has found it expedient to seek support from other nations and from international institutions for a variety of efforts such as the Gulf War, peacekeeping in Bosnia and Kosovo, counterterrorism, and the fight against AIDS. There is recognition as well that global trends call for even greater degrees of international governance. At the same time, there is a strong body of opinion within the United States that is opposed to, or at least fearful of, the ramifications for sovereignty. There is a current of distrust, according one critic, of giving power to supranational organizations run by unelected bureaucrats.[16]

American public opinion adds to this ambivalence. As polls show, the great majority of Americans want and expect their country to play a leadership role in the world. Americans support the UN, and indeed support foreign aid and other international undertakings. However, further studies show that these same Americans are convinced that the United States already does more than its share. American troops make up less than 5 percent of UN peacekeepers, but the public estimates the participation to be at an unacceptable level of 20 percent. The majority of Americans believe we should provide about 5 percent of our GDP for foreign aid and believe aid is fifteen percent of GDP.[17] In reality, foreign aid accounts for less than one percent of GDP, one of the lowest percentages of all the industrialized countries. Americans do support involvement in international activities and institutions, but are wary of overextending the country's commitments.

Foreign aid counts for less than one percent of U.S. GDP, one of the lowest percentages of all the industrialized countries.

Finally, Americans worry about problems inherent in international bodies such as organizational structures that distort influence. Under the UN system of one vote per country, countries that contribute little to the budget can make decisions that could be costly to the United States, which contributes 25 percent of the UN budget. Furthermore, the credibility of the UN is called into question when countries like Iraq and Cuba sit on the UN Human Rights Commission.

UN Phobia. United Nations reform reflects American ambivalence toward international organizations. The United States has led reform of the UN and its specialized agencies, arguing that without reform the UN risks becoming marginalized and losing political support. As Madeleine Albright has remarked, the United States is the UN's harshest critic and its best friend.

As a result of U.S. prodding, in the past two years the UN has produced no-growth budgets throughout the system for the first time in a decade. At the same time, it reduced personnel by nearly 10 percent, streamlined the Secretariat, strengthened internal oversight, and improved the coordination of its many development programs. There is no doubt that the reforms have improved the efficiency and credibility of the organization. Furthermore, most members believe that payment of the more than $1.3 billion of U.S. arrears would go a long way toward facilitating the U.S.-backed reforms. The Congress finally passed legislation in 1999 to pay a significant part of these arrears, though laden with conditions that other UN members resent and may resist.

The United States has had a similarly mixed response to the UN's role in the growing number of internal wars and humanitarian emergencies. Beginning in the 1990s, the United States stressed collective responsibility and international involvement. From 1991 to 1998, UN peacekeeping exploded, with the number of peacekeepers and the peacekeeping budget more than tripling.

The failure of UN peacekeeping in Somalia, Bosnia, and Rwanda, however, produced a backlash in the United States. This resulted in widespread criticism of multilateralism, evidenced by Congress's refusal to appropriate funds for peacekeeping operations. The backlash led to other criticisms of the UN, and other arrears to such organizations as the World Health Organization and the Food and Agricultural Organization.

The United States now views each new UN peacekeeping proposal with a wary eye. It insists that peacekeeping funding be strictly confined to military or police activities only, and rejects a more holistic approach involving economic reconstruction and conflict resolution. The United States has insisted on short time frames, early exit strategies, and tight financing. Even when having won on all these points, America has not always provided its share of the funds. In 1998 the United States succeeded in limiting the mandate, size, and time frame of a small peacekeeping operation in the Central African Republic. Nevertheless, Congress thought that the Central African Republic was of no strategic importance to the United States, and refused to appropriate the American share.

Even more provocative to other nations, America now looks to the United Nations to implement in the former Yugoslavia the holistic nation-building task that the United States has rejected elsewhere.

Even more provocative to other nations, America now looks to the United Nations to implement in the former Yugoslavia the holistic nation-building task that the United States has rejected elsewhere. Already with U.S. urging, the United Nations has spent more than $600 million on peacekeeping in Bosnia and Croatia to support the Dayton Accords. The cost of the Kosovo operation was estimated at $500 million for the first three months. African nations responded with anger as they saw their own hopes for large UN peacekeeping in the Congo or Sierra Leone command lower attention from the Security Council and, in particular, the United States. In response, Washington belatedly supported a six-thousand-person peacekeeping force for Sierra Leone and a major UN operation in East Timor.

In other areas, signals from Washington are similarly mixed. Although it championed the concept of "sustainable development" at the Rio Summit in 1992, the United States did not fulfill its first-round funding commitment until 1998. America worked assiduously to obtain agreement at the Kyoto conference on greenhouse gases, but strong opposition in Congress and a blistering ad campaign (targeting "the UN treaty") make ratification of any such treaty problematic.[18]

The negotiations to create an International Criminal Court (ICC) further exemplify America's mixed support for international organizations. Washington encouraged the creation of a more permanent institution—rather than the ad hoc tribunals established for the former Yugoslavia and Rwanda—as a more effective deterrent to war crimes. However, it also wanted protection against politically inspired actions against U.S. servicemen and women abroad in sensitive situations. Despite some accommodation of its concerns, Washington refused to endorse the treaty that would have created the ICC. As a result, the United States found itself outside an endeavor it had originally championed.

Struggles between the administration and Congress are often behind the ambivalence of U.S. foreign policy. A combination of partisan politics, distrust of international agreements, and a compunction to rely on unilateral power led the Senate to defeat the Comprehensive Test Ban Treaty, undermining a fundamental tenet of the multilateral approach to non-proliferation. Congress has not ratified the Convention for the Elimination of Discrimination Against Women, nor the Seabed Legal Authority, each negotiated and supported by the Clinton administration. In each of these cases, a deep suspicion of the impact on U.S. sovereignty is at the heart of congressional reaction.

Finding a New Paradigm. Some have argued that what we are seeing today on a global scale is a repetition of events in the United States at the turn of the century. The backlash of farmers, populists, unions, and reformers to the excesses of capitalism of the nineteenth century led to antitrust legislation, greater regulation of banking and financial institutions, collective bargaining rights, unemployment insurance, and Social Security. A wider global compact was struck after World War II. Ethan Kapstein writes:

> [T]he logic of 1945 . . . was the conviction that to be successful, international liberalism had to be anchored in social compacts in which national governments provided for the social welfare needs of their citizens in exchange for public support for an open world economy.[19]

The challenge today is to ascertain whether it is possible to create a similar but broader social compact. If one includes nations both developed and poor, with widely different political and social systems, and takes into account the growing complexity of issues, no simple governing structure is practicable. In the financial arena alone, economists like Jeffrey Garten argue that it will take at least a decade to create the new global economic institutions that can play the roles needed in the wake of the latest financial crisis.[20]

Others are more skeptical of such international institution-building. Conservatives, such as Anne-Marie Slaughter, favor the expansion of international markets without the international institution-building that goes with it. Instead, she advocates "trans-governmental initiatives" that foster international cooperation in the regulation of specific problems and in the enforcement of resulting regulations. She cites as an example the 1988 agreement of central bankers to establish capital adequacy requirements for all banks under their supervision.[21]

Such "trans-governmental" arrangements would meet some of the challenges of globalization, but not all. They would not resolve the debate regarding the orientation of the economic policy of the IMF. They would not resolve the issue between North and South over growing income inequality. Moreover, they run counter to the growing power of NGOs that lean toward strict internationalization of norms and regulations, rather than regional or smaller arrangements.

For the time being, any such effort to redesign the present system will surely have to be more ad hoc than sweeping. No universal institution, including the UN, is equipped to handle a systemic overhaul efficiently or free from ideological rhetoric. Despite the growing importance of NGOs in the international system, the future responsibility of civil society is unclear. As much as globalization has changed the reach and authority of nation-states, it is still national governments that in the end must make the decisions about new international structures, rules, and regulations.

In the meantime, national governments will have to address the new political space of changing borders between community, national, and international boundaries within which any system of international governance must evolve. James Rosenau has called this space the "Frontier." He writes:

> The problem of governance involves sorting out multiple contradictions. The international system is less commanding, but it is still powerful. States are changing, but they are not disappearing. At certain times, publics are more demanding, but at other times, they are more pliable. Borders still keep out intruders, but they are also more porous. Landscapes are giving way to ethnoscapes, mediascapes, ideoscapes, technoscapes, and finanscapes, but territoriality is still a central preoccupation for many people. How do we assess a world in which the Frontier is continuously shifting, widening, and narrowing, simultaneously undergoing erosion with respect to many issues and reinforcements with respect to others?[22]

The United States is, for better or worse, the leader of this turbulent world. Traditional concepts of sovereignty, national strength, insulation and, indeed, ambivalence, are inadequate for this challenge. The United States is caught up in all the trends of the contemporary world, and often pays the biggest price for crises that occur. It is not possible to seek unilateral protection from international crime, international epidemics, acid rain, global warming, or terrorism. Americans—who constitute 40 percent of international travelers and whose wealth is the target of drug cartels and other criminal activities—will suffer from these threats as much or more than any others.

Therefore, the task of bringing coherence and clarity to an international structure of governance necessarily falls largely to the United States. The task at hand requires finding the means for the international community to manage, rather than govern, the multiple and interactive trends of globalization.

It would be wise not to accept the conclusion of Robert Altman that "markets have emerged as the ruling international authority, more potent than any military or political power."[23] Markets cannot control hate radio, arms smuggling, the spread of disease, economic inequality, or the passion of ethnic conflict and the havoc it produces. Markets alone can neither modulate the volatility of capital nor the deepening of economic inequalities. To face these challenges, we will need international institutions equal to the task and adapted to the realities of the contemporary world.

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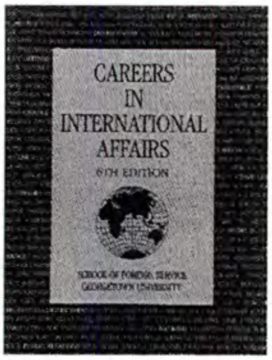

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What I learned at the world economic crisis.

The Insider

By JOSEPH STIGLITZ

NEXT WEEK'S MEETING of the International Monetary Fund will bring to Washington, D.C., many of the same demonstrators who trashed the World Trade Organization in Seattle last fall. They'll say the IMF is arrogant. They'll say the IMF doesn't really listen to the developing countries it is supposed to help. They'll say the IMF is secretive and insulated from democratic accountability. They'll say the IMF's economic "remedies" often make things worse—turning slowdowns into recessions and recessions into depressions.

And they'll have a point. I was chief economist at the World Bank from 1996 until last November, during the gravest global economic crisis in a half-century. I saw how the IMF, in tandem with the U.S. Treasury Department, responded. And I was appalled.

The global economic crisis began in Thailand, on July 2, 1997. The countries of East Asia were coming off a miraculous three decades: incomes had soared, health had improved, poverty had fallen dramatically. Not only was literacy now universal, but, on international science and math tests, many of these countries outperformed the United States. Some had not suffered a single year of recession in 30 years.

But the seeds of calamity had already been planted. In the early '90s, East Asian countries had liberalized their financial and capital markets—not because they needed to attract more funds (savings rates were already 30 percent or more) but because of international pressure, including some from the U.S. Treasury Department. These changes provoked a flood of short-term capital—that is, the kind of capital that looks for the highest return in the next day, week, or month, as opposed to long-term investment in things like factories. In Thailand, this short-term capital helped fuel an unsustainable real estate boom. And, as people around the world (including Americans) have painfully learned, every real estate bubble eventually bursts, often with disastrous consequences. Just as suddenly as capital flowed in, it flowed out. And, when everybody tries to pull their money out at the same time, it causes an economic problem. A big economic problem.

The last set of financial crises had occurred in Latin America in the 1980s, when bloated public deficits and loose monetary policies led to runaway inflation. There, the IMF had correctly imposed fiscal austerity (balanced budgets) and tighter monetary policies, demanding that governments pursue those policies as a precondition for receiving aid. So, in 1997 the IMF imposed the same demands on Thailand. Austerity, the fund's leaders said, would restore confidence in the Thai economy. As the crisis spread to other East Asian nations—and even as evidence of the policy's failure mounted—the IMF barely blinked, delivering the same medicine to each ailing nation that showed up on its doorstep.

I thought this was a mistake. For one thing, unlike the Latin American nations, the East Asian countries were *already* running budget surpluses. In Thailand, the government was running such large surpluses that it was actually starving the economy of much-needed investments in education and infrastructure, both essential to economic growth. And the East Asian nations already had tight monetary policies, as well: inflation was low and falling. (In South Korea, for example, inflation stood at a very respectable four percent.) The problem was not imprudent government, as in Latin America; the problem was an imprudent private sector—all those bankers and borrowers, for instance, who'd gambled on the real estate bubble.

Under such circumstances, I feared, austerity measures would not revive the economies of East Asia—it would plunge them into recession or even depression. High interest rates might devastate highly indebted East Asian firms, causing more bankruptcies and defaults. Reduced government expenditures would only shrink the economy further.

So I began lobbying to change the policy. I talked to Stanley Fischer, a distinguished former Massachusetts Institute of Technology economics professor and former chief economist of the World Bank, who had become the IMF's first deputy managing director. I met with fellow economists at the World Bank who might have contacts or influence within the IMF, encouraging them to do everything they could to move the IMF bureaucracy.

Convincing people at the World Bank of my analysis proved easy; changing minds at the IMF was virtually impossible. When I talked to senior officials at the IMF—explaining, for instance, how high interest rates might increase bankruptcies, thus making it even harder to restore confidence in East Asian economies—they would at first resist. Then, after failing to come up with an effective counterargument, they would retreat to another response: if only I understood the pressure coming from the IMF board of executive directors—the body, appointed by finance ministers from the advanced industrial countries, that approves

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Suppressed? Those who doubt that the "post-Zionist" perspective is an ideology capable of suppressing historical facts that don't fit within its worldview need only look up the Holocaust in the new ninth-grade history book. While the old books devoted seven pages to the Warsaw Ghetto Uprising and other acts of Jewish resistance, the new text makes no mention of such resistance. And, whereas the old books allotted four pages to the failure of the Allies to act against the Nazi extermination program, this subject too has disappeared. These items were important to the old narrative because they raised the question of whether the Jews could truly rely on anyone but themselves. But, seen from the new perspective, these subjects just aren't important, and they're gone.

Also spirited out are the grisly photographs traditionally used to give students a graphic taste of what the destruction of Europe's Jews really meant. Instead, there are new photos that, had they appeared in a *German* high school history textbook, would have the Jewish world up in arms: the photograph captioned "A concentration camp" shows three or four apparently healthy men walking around; the one captioned "The Auschwitz camp" shows nothing worse than the backs of hundreds of people in striped clothes walking in formation; the one captioned "Jewish women released from a concentration camp" shows a group of seemingly well-fed, smiling matrons. The Jews digging their own graves at gunpoint, the mounds of bodies, the gas chambers, the living skeletons after the war? These pictures appeared in the old books, but now they are gone.

Why? Here's a guess: Israeli intellectuals have for years protested that school trips to Auschwitz, and even Holocaust memorial ceremonies in schools, produce students who are too nationalistic. So it seems that the pictures in the old books have been edited out because they disrupt the tone of the "universal" narrative. They hit Israeli youngsters too hard and inculcate latent Zionist tendencies. They make them more willing to believe that the Jews had implacable enemies. And they encourage them to think simplistically about the right of the Jews to a nation-state of their own, a Jewish state. In other words, it seems that these pictures, too, have been suppressed because they don't fit the *post-Zionist* historical narrative.

Until now, Israelis have paid little attention to the schoolbook revolution. The Golan Heights, the PLO, and related topics remain virtually the entire policy agenda of both the Labor and the Likud parties. But the old Zionist curriculum wasn't just any old piece of policy. As Ben-Gurion understood, the cultural common ground it represented held the disparate groups within Israeli Jewry together. It was an important part of what makes Israeli Jews a single people.

Ehud Barak has gone to great lengths to send the signal that—perhaps unlike his recent predecessors—he considers it vitally important to heal the rifts within an increasingly fragmented Israeli Jewry. The debate over the new schoolbooks being sent home with Israel's children give him an opportunity to do just that. ■

all the IMF's loans. Their meaning was clear. The board's inclination was to be even more severe; these people were actually a moderating influence. My friends who were executive directors said they were the ones getting pressured. It was maddening, not just because the IMF's inertia was so hard to stop but because, with everything going on behind closed doors, it was impossible to know who was the real obstacle to change. Was the staff pushing the executive directors, or were the executive directors pushing the staff? I still do not know for certain.

Of course, everybody at the IMF assured me they would be flexible: if their policies really turned out to be overly contractionary, forcing the East Asian economies into deeper recession than necessary, then they would reverse them. This sent shudders down my spine. One of the first lessons economists teach their graduate students is the importance of lags: it takes twelve to 18 months before a change in monetary policy (raising or lowering interest rates) shows its full effects. When I worked in the White House as chairman of the Council of Economic Advisers, we focused all our energy on forecasting where the economy would be in the future, so we could know what policies to recommend today. To play catch-up was the height of folly. And that was precisely what the IMF officials were proposing to do.

I shouldn't have been surprised. The IMF likes to go about its business without outsiders asking too many questions. In theory, the fund supports democratic institutions in the nations it assists. In practice, it undermines the democratic process by imposing policies. Officially, of course, the IMF doesn't "impose" anything. It "negotiates" the conditions for receiving aid. But all the power in the negotiations is on one side—the IMF's—and the fund rarely allows sufficient time for broad consensus-building or even widespread consultations with either parliaments or civil society. Sometimes the IMF dispenses with the pretense of openness altogether and negotiates secret covenants.

When the IMF decides to assist a country, it dispatches a "mission" of economists. These economists frequently lack extensive experience in the country; they are more likely to have firsthand knowledge of its five-star hotels than of the villages that dot its countryside. They work hard, poring over numbers deep into the night. But their task is impossible. In a period of days or, at most, weeks, they are charged with developing a coherent program sensitive to the needs of the country. Needless to say, a little number-crunching rarely provides adequate insights into the development strategy for an entire nation. Even worse, the number-crunching isn't always that good. The mathematical models the IMF uses are frequently flawed or out-of-date. Critics accuse the institution of taking a cookie-cutter approach to economics, and they're right. Country teams have been known to compose draft reports before visiting. I heard stories of one unfortunate incident when team members copied large parts of the text for one country's report and transferred them wholesale to another. They might have gotten away with it, except the "search and replace" function on the word processor didn't work properly, leaving the original country's name in a few places. Oops.

AP

Stanley Fischer, deputy managing director of IMF, and Lawrence Summers, U.S. secretary of the Treasury.

It's not fair to say that IMF economists don't care about the citizens of developing nations. But the older men who staff the fund—and they are overwhelmingly older men—act as if they are shouldering Rudyard Kipling's white man's burden. IMF experts believe they are brighter, more educated, and less politically motivated than the economists in the countries they visit. In fact, the economic leaders from those countries are pretty good—in many cases brighter or better-educated than the IMF staff, which frequently consists of third-rank students from first-rate universities. (Trust me: I've taught at Oxford University, MIT, Stanford University, Yale University, and Princeton University, and the IMF almost never succeeded in recruiting any of the best students.) Last summer, I gave a seminar in China on competition policy in telecommunications. At least three Chinese economists in the audience asked questions as sophisticated as the best minds in the West would have asked.

As time passed, my frustration mounted. (One might have thought that since the World Bank was contributing literally billions of dollars to the rescue packages, its voice would be heard. But it was ignored almost as resolutely as the people in the affected countries.) The IMF claimed that all it was asking of the East Asian countries was that they balance their budgets at a time of recession. *All*? Hadn't the Clinton administration just fought a major battle with Congress to stave off a balanced-budget amendment in this country?

And wasn't the administration's key argument that, in the face of recession, a little deficit spending might be necessary? This is what I and most other economists had been teaching our graduate students for 60 years. Quite frankly, a student who turned in the IMF's answer to the test question "What should be the fiscal stance of Thailand, facing an economic downturn?" would have gotten an F.

As the crisis spread to Indonesia, I became even more concerned. New research at the World Bank showed that recession in such an ethnically divided country could spark all kinds of social and political turmoil. So in late 1997, at a meeting of finance ministers and central-bank governors in Kuala Lumpur, I issued a carefully prepared statement vetted by the World Bank: I suggested that the excessively contractionary monetary and fiscal program could lead to political and social turmoil in Indonesia. Again, the IMF stood its ground. The fund's managing director, Michel Camdessus, said there what he'd said in public: that East Asia simply had to grit it out, as Mexico had. He went on to note that, for all of the short-term pain, Mexico emerged from the experience stronger.

But this was an absurd analogy. Mexico hadn't recovered because the IMF forced it to strengthen its weak financial system, which remained weak years after the crisis. It recovered because of a surge of exports to the United States, which took off thanks to the U.S. economic boom, and because of NAFTA. By contrast, Indonesia's main trading partner was Japan—which was then, and still remains, mired in the doldrums. Furthermore, Indonesia was far more politically and socially explosive than Mexico, with a much deeper history of ethnic strife. And renewed strife would produce massive capital flight (made easy by relaxed currency-flow restrictions encouraged by the IMF). But none of these arguments mattered. The IMF pressed ahead, demanding reductions in government spending. And so subsidies for basic necessities like food and fuel were eliminated at the very time when contractionary policies made those subsidies more desperately needed than ever.

By January 1998, things had gotten so bad that the World Bank's vice president for East Asia, Jean Michel Severino, invoked the dreaded r-word ("recession") and d-word ("depression") in describing the economic calamity in Asia. Lawrence Summers, then deputy treasury secretary, railed against Severino for making things seem worse than they were, but what other way was there to describe what was happening? Output in some of the affected countries fell 16 percent or more. Half the businesses in Indonesia were in virtual bankruptcy or close to it, and, as a result, the country could not even take advantage of the export opportunities the lower exchange rates provided. Unemployment soared, increasing as much as tenfold, and real wages plummeted—in countries with basically no safety nets. Not only was the IMF not restoring economic confidence in East Asia, it was undermining the region's social fabric. And then, in the spring and summer of 1998, the crisis spread beyond East Asia to the most explosive country of all—Russia.

The calamity in Russia shared key characteristics with the calamity in East Asia—not least among them the role that IMF and U.S. Treasury policies played in abetting it. But, in Russia, the abetting began much earlier. Following the fall of the Berlin Wall, two schools of thought had emerged concerning Russia's transition to a market economy. One of these, to which I belonged, consisted of a mélange of experts on the region, Nobel Prize winners like Kenneth Arrow and others. This group emphasized the importance of the institutional infrastructure of a market economy—from legal structures that enforce contracts to regulatory structures that make a financial system work. Arrow and I had both been part of a National Academy of Sciences group that had, a decade earlier, discussed with the Chinese their transition strategy. We emphasized the importance of fostering competition—rather than just privatizing state-owned industries—and favored a more gradual transition to a market economy (although we agreed that occasional strong measures might be needed to combat hyperinflation).

The second group consisted largely of macroeconomists, whose faith in the market was unmatched by an appreciation of the subtleties of its underpinnings—that is, of the conditions required for it to work effectively. These economists typically had little knowledge of the history or details of the Russian economy and didn't believe they needed any. The great strength, and the ultimate weakness, of the economic doctrines upon which they relied is that the doctrines are—or are supposed to be—universal. Institutions, history, or even the distribution of income simply do not matter. Good economists know the universal truths and can look beyond the array of facts and details that obscure these truths. And the universal truth is that shock therapy works for countries in transition to a market economy: the stronger the medicine (and the more painful the reaction), the quicker the recovery. Or so the argument goes.

Unfortunately for Russia, the latter school won the debate in the Treasury Department and in the IMF. Or, to be more accurate, the Treasury Department and the IMF made sure there was no open debate and then proceeded blindly along the second route. Those who opposed this course were either not consulted or not consulted for long. On the Council of Economic Advisers, for example, there was a brilliant economist, Peter Orszag, who had served as a close adviser to the Russian government and had worked with many of the young economists who eventually assumed positions of influence there. He was just the sort of person whose expertise Treasury and the IMF needed. Yet, perhaps because he knew too much, they almost never consulted him.

We all know what happened next. In the December 1993 elections, Russian voters dealt the reformers a huge setback, a setback from which they have yet really to recover. Strobe Talbott, then in charge of the noneconomic aspects of Russia policy, admitted that Russia had experienced "too much shock and too little therapy." And all that shock hadn't moved Russia toward a real market economy at all. The rapid privatization urged upon Moscow by the IMF and the Treasury Department had allowed a small group of oligarchs to gain control of state assets. The IMF and Treasury had rejiggered

Russia's economic incentives, all right—but the wrong way. By paying insufficient attention to the institutional infrastructure that would allow a market economy to flourish—and by easing the flow of capital in and out of Russia—the IMF and Treasury had laid the groundwork for the oligarchs' plundering. While the government lacked the money to pay pensioners, the oligarchs were sending money obtained by stripping assets and selling the country's precious national resources into Cypriot and Swiss bank accounts.

The United States was implicated in these awful developments. In mid-1998, Summers, soon to be named Robert Rubin's successor as secretary of the treasury, actually made a public display of appearing with Anatoly Chubais, the chief architect of Russia's privatization. In so doing, the United States seemed to be aligning itself with the very forces impoverishing the Russian people. No wonder anti-Americanism spread like wildfire.

At first, Talbott's admission notwithstanding, the true believers at Treasury and the IMF continued to insist that the problem was not too much therapy but too little shock. But, through the mid-'90s, the Russian economy continued to implode. Output plummeted by half. While only two percent of the population had lived in poverty even at the end of the dismal Soviet period, "reform" saw poverty rates soar to almost 50 percent, with more than half of Russia's children living below the poverty line. Only recently have the IMF and Treasury conceded that therapy was undervalued—though they now insist they said so all along.

Today, Russia remains in desperate shape. High oil prices and the long-resisted ruble devaluation have helped it regain some footing. But standards of living remain far below where they were at the start of the transition. The nation is beset by enormous inequality, and most Russians, embittered by experience, have lost confidence in the free market. A significant fall in oil prices would almost certainly reverse what modest progress has been made.

East Asia is better off, though it still struggles, too. Close to 40 percent of Thailand's loans are still not performing; Indonesia remains deeply mired in recession. Unemployment rates remain far higher than they were before the crisis, even in East Asia's best-performing country, Korea. IMF boosters suggest that the recession's end is a testament to the effectiveness of the agency's policies. Nonsense. Every recession eventually ends. All the IMF did was make East Asia's recessions deeper, longer, and harder. Indeed, Thailand, which followed the IMF's prescriptions the most closely, has performed worse than Malaysia and South Korea, which followed more independent courses.

I WAS OFTEN asked how smart—even brilliant—people could have created such bad policies. One reason is that these smart people were not using smart economics. Time and again, I was dismayed at how out-of-date—and how out-of-tune with reality—the models Washington economists employed were. For example, microeconomic phenomena such as bankruptcy and the fear of default were at the center of the East Asian crisis. But the macroeconomic models used to analyze these crises were not typically rooted in microfoundations, so they took no account of bankruptcy.

But bad economics was only a symptom of the real problem: secrecy. Smart people are more likely to do stupid things when they close themselves off from outside criticism and advice. If there's one thing I've learned in government, it's that openness is most essential in those realms where expertise seems to matter most. If the IMF and Treasury had invited greater scrutiny, their folly might have become much clearer, much earlier. Critics from the right, such as Martin Feldstein, chairman of Reagan's Council of Economic Advisers, and George Shultz, Reagan's secretary of state, joined Jeff Sachs, Paul Krugman, and me in condemning the policies. But, with the IMF insisting its policies were beyond reproach—and with no institutional structure to make it pay attention—our criticisms were of little use. More frightening, even internal critics, particularly those with direct democratic accountability, were kept in the dark. The Treasury Department is so arrogant about its economic analyses and prescriptions that it often keeps tight—much too tight—control over what even the president sees.

OPEN DISCUSSION WOULD have raised profound questions that still receive very little attention in the American press: To what extent did the IMF and the Treasury Department push policies that actually contributed to the increased global economic volatility? (Treasury pushed liberalization in Korea in 1993 over the opposition of the Council of Economic Advisers. Treasury won the internal White House battle, but Korea, and the world, paid a high price.) Were some of the IMF's harsh criticisms of East Asia intended to detract attention from the agency's own culpability? Most importantly, did America—and the IMF—push policies because we, or they, believed the policies would help East Asia or because we believed they would benefit financial interests in the United States and the advanced industrial world? And, if we believed our policies were helping East Asia, where was the evidence? As a participant in these debates, I got to see the evidence. There was none.

Since the end of the cold war, tremendous power has flowed to the people entrusted to bring the gospel of the market to the far corners of the globe. These economists, bureaucrats, and officials act in the name of the United States and the other advanced industrial countries, and yet they speak a language that few average citizens understand and that few policymakers bother to translate. Economic policy is today perhaps the most important part of America's interaction with the rest of the world. And yet the culture of international economic policy in the world's most powerful democracy is not democratic.

This is what the demonstrators shouting outside the IMF next week will try to say. Of course, the streets are not the best place to discuss these highly complex issues. Some of the protesters are no more interested in open debate than the officials at the IMF are. And not everything the protesters say will be right. But, if the people we entrust to manage the global economy—in the IMF and in the Treasury Department—don't begin a dialogue and take their criticisms to heart, things will continue to go very, very wrong. I've seen it happen. ■

TL's Acs 6/29

file
globalization

GLOBALIZATION AND WOMEN

At the Beijing+5 Conference in June 2000, the U.S. delivered a closing statement which, among other things, dissociated us from the consensus on certain paragraphs of the Outcome Document dealing with globalization and other economic issues, such as debt relief. Our concerns with paragraph 29, dealing with globalization, were threefold: (a) the overall thrust of the paragraph was heavily biased against globalization, pandering to the negative view that some developing countries take--often for negotiating purposes; (b) while making the valid point that the benefits of globalization are unevenly distributed, the paragraph stretched logic in several places by implying a causal link between globalization and the inequality of women vis-à-vis their male counterparts within developing countries; and (c) we perceived a subtext in the paragraph, similar to what we have seen in many other UN documents, essentially excusing developing countries from their obligations under the Beijing Platform of Action because of economic difficulties that they are presumed to suffer as a result of globalization. Significantly, the heading to this section of the document is "Current challenges **affecting the full implementation of the Beijing Declaration and Program of Action"** (emphasis added.)

This kind of subtext—that developing countries should be exempted from adhering to agreed international standards by virtue of economic difficulties they may face—has been the subject of heated debate in other international forums and decisively rejected. At the 1993 Vienna Conference on Human Rights, for example, the issue was fiercely debated at some length. At the insistence of the United States and other countries, delegates finally agreed on the following phrase in paragraph 10 of the Vienna Declaration and Program of Action: "While development facilitates the enjoyment of all human rights, the lack of development may not be invoked to justify the abridgement of internationally recognized human rights." In the years since then, the United States has strongly and consistently defended this principle from attack in forums such as Beijing+5.

The President, First Lady, and Secretary of State have all made recent statements on globalization (see attached.) The President took the most positive line on globalization. All three speakers recognized that the benefits of globalization have not been evenly distributed, but none of them took the line expressed in the Beijing+5 document that globalization has actually had a destructive impact in developing countries. The Secretary came closest when she suggested that we have an incomplete understanding of the "positive and negative impacts" of globalization on women—a carefully ~~agnostic~~ position aimed perhaps at acknowledging that some countries saw the impact as basically negative.

Concerns have been raised within the USG about the wording of the U.S. statement dissociating us from three Beijing+5 paragraphs, including the one on globalization. The U.S. statement read, in part: "These paragraphs characterize globalization and debt as significant obstacles to achieving gender equality. It is our view that national governments bear the primary responsibility for social and economic

development, and for ensuring equality for women in all walks of life. Most aspects of equality for women have no direct link to international economic and financial issues." A number of State Department and ~~NGOs and~~ other Administration officials, including HHS Secretary Shalala,as well as NGOs, expressed concern that the last sentence, in particular, conveyed the impression that the
United States was not sensitive to the impact of globalization on vulnerable groups in developing countries. To respond to these concerns, the following proposed U.S. policy statement~~line~~ ~~in the form of a Q&A~~ will be submitted~~is proposed:~~ to the United Nations to replace the earlier, inaccurate paragraph on globalization in the US interpretive statement. This proposed US policy statement will also provide guidance to the US delegation to the Copenhagen Plus Five negotiations now underway in Geneva.

~~Question:~~

~~What is the U.S. view of the impact of globalization in developing countries, particularly on women?~~

~~Answer:~~

- Globalization is revolutionizing the way the world works, and can bring tremendous benefits to developing countries—by stimulating trade, and generating employment for example, or by applying new information technology to education.

- At the same time, we have to recognize that not all developing countries have been able to take advantage of the benefits of globalization, and certainly not to the same degree. As some countries race ahead, others face the risk of falling farther behind.

- Within countries, not all groups share in the benefits. Due to historic patterns of discrimination, some vulnerable groups, including women, do not have access to these benefits, or the proper preparation and training that will enable them to participate fully in the positive aspects of the new economy. Women lag behind men in education, technological training, access to credit, and land ownership. Due to gender biases in institutions, women workers and women in business are often less able to take advantage of the economic opportunities that may be created by globalization.

- In countries that are falling behind, there may be disruptive economic and social pressures affecting, among other things, the advancement of women.

- Globalization is a fact, not a policy option. It is up to each nation to pursue policies (e.g. promoting education, private sector development, and the free flow of information) designed to help them take advantage of the opportunities of globalization, so that all their citizens, including women, will benefit.

- But they should not face this task alone. The international community should provide encouragement and support, as appropriate, to help developing countries undertaking the necessary reforms.

Drafted: IO/ESA:Sblodgett
6/23/00, x67791

Cleared: E:Apence
EB:Mbreen
IO/ESA:CChang
IO:Msouthwick
HHS:Dhohman
S/PICW:TLoar

U.S. HIGH-LEVEL STATEMENTS ABOUT GLOBALIZATION

Recent statements by the President, Secretary of State and First Lady have taken a generally positive, but nuanced line on globalization. The President's speech at Davos on January 29 was the most positive, stressing the benefits of globalization and open markets (post-Seattle), while acknowledging fears about its "disruptive consequences". Speaking to a New York audience at Beijing+5, the First Lady also talked about the benefits of globalization, but added a cautionary note that "globalization should not mean marginalization" and pointed out that the benefits had not reached all people. The Secretary quoted from the First Lady's speech but also took a slightly agnostic tack, saying we do not know as much as we should about the positive and negative impacts of globalization.

Excerpts from President's Davos Speech, January 29, 2000

"Globalization is revolutionizing the way we work…we can shatter the limits that time and space pose to doing business and getting an education… the openness and mobility…have also made us more vulnerable to some of our oldest problems (terrorism, drugs, crime, disease)…a few of us live on the cutting edge of the new economy; too many of us live on the bare edge of survival…(but) those who wish to roll back the forces of globalization because they fear its disruptive consequences are plainly wrong…

"Fifty years of experience shows that greater economic integration and political cooperation are positive forces...we have got to reaffirm unambiguously that open markets and rules-based trade are the best engine we know of to lift living standards, reduce environmental destruction and build shared prosperity…Listen to this..from the 1970s to the early 1990s, developing countries that chose growth through trade grew at least twice as fast as those who chose not to open to the world. The most open countries had growth that was six times as fast…

"Certainly, many of the people who have questioned the wisdom of open trade are genuinely concerned about the fate of the poor and the disadvantaged, and well they should be. But they should ask themselves, what will happen to a Bangladeshi textile worker or a migrant from the Mexican countryside without the prospect of jobs and industry that can sell to foreign, as will as domestic, consumers? …"

President's Speech to the 1999 Annual Meeting of the IMF and World Bank September 25, 1999

"We have more to do to restore people's faith in the future and to restore their faith, frankly, in the global economy and in global markets. Therefore, we have more to do to reform the global financial foundation upon which the future will be built "

"Are we supposed to accept the fact that even though technology has changed the equation of the role of energy in the production of wealth, even though technology has changed the distances in time and space necessary for learning, and for business, as well as educational, interchanges, -- are we supposed to face the fact that some people and nations are doomed to be left behind forever?"

"We need you to help developing countries provide education and training to lift wages, and to establish social safety nets for tough transitions."

For many developing countries, however, there is a greater obstacle in the path to progress. For many of them, excessive and completely unsustainable debt can halt progress, drag down growth, drain resources that are need to meet the most basic human conditions, like clean water, shelter, health care and education. ... Simply put, unsustainable debt helping to keep too many poor countries and poor people in poverty. "

First Lady's Speech in New York, June 5, 2000

"Globalization can bring problems as well as promise...in many places changes in technology and trade in the global economy have already brought new markets, new jobs, new trading partners and new ways of sharing information...but when it comes to women, globalization should not mean marginalization. And we have to acknowledge that the benefits of globalization have clearly not reached all people..."

Secretary Albright's Speech in New York, June 8, 2000

"Together, we must strive to see that the benefits of globalization are shared not just by some people in some countries, but by all people in every country...we must also learn more about the positive and negative impacts of globalization and trade on the lives of women. Because we do not know as much as we should and, unless we learn more, we will not be doing as much as we should to ensure that trade works for all people."

file - Globalization

Freeman, Carol A.

From: Freeman, Carol A.
Sent: Thursday, June 29, 2000 11:39 AM
To: McGivern, Katie J.
Subject: FW: Globalization and Women

-----Original Message-----
From: Loar, Theresa A.
Sent: Thursday, June 29, 2000 11:30 AM
To: Freeman, Carol A.
Subject: FW: Globalization and Women

-----Original Message-----
From: Loar, Theresa A.
Sent: Thursday, June 29, 2000 11:21 AM
To: Southwick, Michael [Geneva]; Blodgett, John S [Geneva]; Kotok, Sharon B; Chang, Charles; Breen, Marlene U (Geneva); Soto-Harmon, Lidia E.
Cc: Wood, William B (IO/PDAS); Thomas, Kenneth; Pence, Constance A.; King, Betty (Geneva)
Subject: RE: Globalization and Women

Michael - the statement in NY may be history as you said, but it is wrong.

I can appreciate your view that it is technically correct but it gives the impression that globalization has no impact on women's lives.
The tone is wrong and the takeaway is wrong. It is a disavowal of our globalization policy and does not reflect the work that has been done by this Administration on women and the global economy. The statement should recognize the role that globalization has had on women's lives, both positive and negative.

USG involvement in B+5 was so high profile, including the Secretary of State, the Secretary of HHS, Ambassador Holbrook, Secretary Summers and the First Lady, that this statement has tremendous impact. It is worth our effort to fix it.

The B+5 process was so difficult, it is not surprising this could have happened because of time pressure. However, we cannot let this statement stand as the Administration's views on women and globalization. Now that we have time to reflect on the message this statement leaves, we should move to revise it and to make a statement more reflective of the Administration's work to improve women's live in the global economy.

It needs to be corrected and I would like your help in this.

I look forward to your comments on my edits.

-----Original Message-----
From: Southwick, Michael [Geneva]
Sent: Thursday, June 29, 2000 5:09 AM
To: Loar, Theresa A.; Blodgett, John S [Geneva]; Kotok, Sharon B; Chang, Charles; Breen, Marlene U (Geneva); Soto-Harmon, Lidia E.
Cc: Wood, William B (IO/PDAS); Thomas, Kenneth
Subject: RE: Globalization and Women

I cannot agree, under any circumstances, to alter the statement we made at the end of the Beijing Plus Five conference. That is history. Even if it could be done, it would look like a disavowal of our globalization policy. What we said is technically correct and defensible, though with more time we could probably have come up with more felicitous language.

What we need to do now is have a good line and stick to it in our further statements and discussions on this.

I'll get back to your further with some comments on your edits.

-----Original Message-----
From: Loar, Theresa A.

Sent: Wednesday, June 28, 2000 8:55 PM
To: Blodgett, John S [Geneva]; Kotok, Sharon B; Chang, Charles; Southwick, Michael [Geneva]; Breen, Marlene U (Geneva); Soto-Harmon, Lidia E.
Subject: FW: Globalization and Women

Attached are my edits which reflect my earlier conversations with Michael Southwick. Please call with any comments.

-----Original Message-----
From: Blodgett, John S
Sent: Friday, June 23, 2000 5:17 PM
To: Pence, Constance A.; Breen, Marlene U; Chang, Charles; Southwick, E. Michael; Loar, Theresa A.
Cc: Soto-Harmon, Lidia E.; Blodgett, John S [Geneva]
Subject: Globalization and Women

At our meeting yesterday with Secretary Shalala to pre-brief her on Copenhagen+5, she asked if we could produce a cleared Q&A on the controversial issue of "globalization and women" so we could all be reading from the same script. Attached is my attempt to do so, with some background explanation and some quotes from the President, First Lady, and Secretary.

Would appreciate any edits you would like to recommend. Since I will be in Geneva next week (so will Shalala), would appreciate your sending any comments to my Geneva e-mail address, which is listed right after my regular e-mail address. Many thanks. sb

<< File: Globalization.doc >>

GLOBALIZATION AND WOMEN

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The President, First Lady, and Secretary of State have all made recent statements on globalization (see attached.) The President took the most positive line on globalization. All three speakers recognized that the benefits of globalization have not been evenly distributed, but none of them took the line expressed in the Beijing+5 document that globalization has actually had a destructive impact in developing countries. The Secretary came closest when she suggested that we have an incomplete understanding of the "positive and negative impacts" of globalization on women—a carefully agnostic position aimed perhaps at acknowledging that some countries saw the impact as basically negative.

Concerns have been raised within the USG about the wording of the U.S. statement dissociating us from three Beijing+5 paragraphs, including the one on globalization. The U.S. statement read, in part: "These paragraphs characterize globalization and debt as significant obstacles to achieving gender equality. It is our view that national governments bear the primary responsibility for social and economic development, and for ensuring equality for women in all walks of life. Most aspects of equality for women have no direct link to international economic and financial issues." A number of NGOs and Administration officials, including HHS Secretary Shalala, expressed concern that the last sentence, in particular, conveyed the impression that the United States was not sensitive to the impact of globalization on vulnerable groups in developing countries. To respond to these concerns, the following U.S. policy line in the form of a Q&A is proposed:

Question:

What is the U.S. view of the impact of globalization in developing countries, particularly on women?

Answer:

- Globalization is revolutionizing the way the world works, and can bring tremendous benefits to developing countries—by stimulating trade, for example, or by applying new information technology to education.

- At the same time, we have to recognize that not all developing countries have been able to take advantage of the benefits of globalization, and certainly not to the same degree. As some countries race ahead, others face the risk of falling farther behind.

- In countries that are falling behind, there may be disruptive economic and social pressures affecting, among other things, the advancement of women.

- Globalization is a fact, not a policy option. It is up to each nation to pursue policies (e.g. promoting education, private sector development, and the free flow of information) designed to help them take advantage of the opportunities of globalization.

- But they should not face this task alone. The international community should provide encouragement and support, as appropriate, to help developing countries undertaking the necessary reforms.

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S/PICW:TLoar

U.S. HIGH-LEVEL STATEMENTS ABOUT GLOBALIZATION

Recent statements by the President, Secretary of State and First Lady have taken a generally positive, but nuanced line on globalization. The President's speech at Davos on January 29 was the most positive, stressing the benefits of globalization and open markets (post-Seattle), while acknowledging fears about its "disruptive consequences". Speaking to a New York audience at Beijing+5, the First Lady also talked about the benefits of globalization, but added a cautionary note that "globalization should not mean marginalization" and pointed out that the benefits had not reached all people. The Secretary quoted from the First Lady's speech but also took a slightly agnostic tack, saying we do not know as much as we should about the positive and negative impacts of globalization.

Excerpts from President's Davos Speech, January 29, 2000

"Globalization is revolutionizing the way we work…we can shatter the limits that time and space pose to doing business and getting an education… the openness and mobility…have also made us more vulnerable to some of our oldest problems (terrorism, drugs, crime, disease)…a few of us live on the cutting edge of the new economy; too many of us live on the bare edge of survival…(but) those who wish to roll back the forces of globalization because they fear its disruptive consequences are plainly wrong…

"Fifty years of experience shows that greater economic integration and political cooperation are positive forces...we have got to reaffirm unambiguously that open markets and rules-based trade are the best engine we know of to lift living standards, reduce environmental destruction and build shared prosperity…Listen to this..from the 1970s to the early 1990s, developing countries that chose growth through trade grew at least twice as fast as those who chose not to open to the world. The most open countries had growth that was six times as fast…

"Certainly, many of the people who have questioned the wisdom of open trade are genuinely concerned about the fate of the poor and the disadvantaged, and well they should be. But they should ask themselves, what will happen to a Bangladeshi textile worker or a migrant from the Mexican countryside without the prospect of jobs and industry that can sell to foreign, as will as domestic, consumers? …"

First Lady's Speech in New York, June 5, 2000

"Globalization can bring problems as well as promise…in many places changes in technology and trade in the global economy have already brought new markets, new jobs, new trading partners and new ways of sharing information…but when it comes to women, globalization should not mean marginalization. And we have to acknowledge that the benefits of globalization have clearly not reached all people…"

Secretary Albright's Speech in New York, June 8, 2000

"Together, we must strive to see that the benefits of globalization are shared not just by some people in some countries, but by all people in every country…we must also learn more about the positive and negative impacts of globalization and trade on the lives of women. Because we do not know as much as we should and, unless we learn more, we will not be doing as much as we should to ensure that trade works for all people."