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## Scandals and failed promises of globalisation

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DAVOS, Switzerland: "Globalisation has thus far failed to deliver the goods". No, this is not a statement by anti-globalisation protestors in the streets of this Alpine ski resort nor those who were in Seattle, Prague, Bangkok and Melbourne.

No, this statement is not even by Prime Minister Datuk Seri Dr Mahathir Mohamad, who has repeatedly spoken of the increasing divide between the rich and poor and the need for developed countries to consider views of developing nations.

These are the words of Claude Smadja, managing director of the World Economic Forum (WEF). Then again Smadja is not the only one to recognise the increasing divide and concerns of poor countries.

Increasingly, developing countries are beginning to speak up about globalisation. They are calling for the need to make the process more equitable and to reverse the widening gap between rich and poor nations.

Cautionary words on this new "religion" are being uttered by leaders from Asia, Africa and Latin America. They are speaking up so that their concerns and views are registered.

The annual WEF forum was told that globalisation was widening the various gaps, leaving the poor behind and that developing countries are accumulating billions of dollars in trade deficits as they are not allowed to export and to capitalise on their comparative advantage.

The leaders decried a tendency for wealthier countries to pursue their own interests in the name of globalisation and called for a closer partnership in setting global agenda that can help cushion the shock of globalisation on emerging countries.

Mexico's newly elected President, Vincente Fox, making his first appearance at the Forum said: "Attempts to sugar-coat the present form of globalisation with compensatory policies are not enough - not nearly enough in the very divided and unequal societies that now occupy so much of the globe".

Even as the main theme of this year's forum is "Sustaining Growth and Bridging the Divides" there was more talk at the forum of a world economic slowdown and the increasing and yawning divides between the developed North and developing South.

According to India's Finance Minister Yashwant Sinha: "We are trying to achieve globalisation in an unequal world". And Benjamin William Mkapa Tanzania's President put it bluntly when he said: "The wealth gap between the rich and poor is widening, and the digital divide is getting worse." And in the face of HIV/AIDS, malaria, TB and other debilitating and fatal diseases, a new gap is emerging, "a gap in the value attached to life itself".

The developing countries are practical and realistic enough to recognise the fact that globalisation is here to stay but they condemn policies that foster trade and economic integration at the expense of poorer countries and those policies that are exclusionary and discriminatory and have double standards.

African countries which have been left behind in the march towards development and which have been even more marginalised and handicapped by the lack of IT and various diseases noted that globalisation "is an organic development and logical outflow of developments in science and technology" but even so, "The evidence points to the exclusion rather than

integration, deprivation rather than benefit," according to Mkapa.

The Tanzanian leader questioned whether the wealthy North was sincere in its desire to share globalisation's dividends. Despite the promise of increasing trade, economic growth and the eradication of "dehumanising poverty" he told corporate and political leaders that the world's poorer countries are growing relatively poorer, the list of divides is growing even as new divides are being added.

The challenge, according to Sinha, is to be able to translate into real benefits the "theoretical benefits which are supposed to flow from globalisation".

While acknowledging that India had benefitted from the process which has helped to boost economic growth, he nevertheless stressed that "the globalisation process tends to be quite unfair".

"The North protects its markets as and when it pleases; the global environment is under severe pressure from the affluent Northern lifestyle; and Northern policy makers are constantly fine-tuning their immigration policies to lure our best and brightest away.

"To deliver the goods, the globalisation process must be recast around the principles of equal opportunity and just multilateral institutions".

But then it is not only the immigration policies of the North that impact on developing countries. The double standards and different rules of trade liberalisation also work to the detriment of the poor. The playing field is being tilted even more than it is being levelled.

Strangely, developed countries were also ticked off by Stanley Fisher, First Deputy Managing Director of the International Monetary Fund (IMF), who said: "agricultural subsidies are one of the scandals in the international system where developing countries have a competitive advantage (in agriculture) but they are not allowed to pursue" and benefit from it.

The rich countries hand out US\$1 billion (US\$1 = RM3.80) a day in agricultural subsidies, according to Brazil's Minister of Agriculture and Food Supply, Marcus Vinicius de Moraes.

"This not only depresses commodity prices but also enhances dependency of developing countries and discourages new investment in expanding agricultural production in less developed countries."

There is no way developing countries can "compete with the treasuries in Washington, Tokyo and Brussels". And this sector cannot continue to be treated "a special sector" which calls for "special rules" that perpetuate policies to maintain inefficient production in developed countries.

The special rules are manifest in numerous other ways - quotas and non tariff barriers included. These hurt the poor in developing countries even more as their governments are unable or do not have the capacity to negotiate preferential market access.

World Bank research shows that tariff and non tariff barriers imposed by high income countries, together with agricultural subsidies cost developing countries much more in lost export opportunities than the approximately US\$50 billion that they receive in foreign aid each year.

Even as the developed world preaches and demands that developing countries open their economies, the developed countries impose restrictions on imports of goods from developing countries that they can produce most competitively. Tariffs on manufactured goods such as textiles, clothing and footwear range between 15 to 30 per cent. Those on agriculture are in excess of 100 per cent.

The irony is that even as total world trade has increased over the years and despite the various world trade negotiations and trade rounds under the General Agreement on Tariffs and Trade (Gatt) and its successor the World Trade Organisation (WTO), many countries are not much more open to

trade today than they were before World War 1.

The movement of people is much more restricted than in the 19th Century. The North protects its markets as and when it pleases; the global environment is under severe pressure from the affluent Northern lifestyle; and Northern policy makers are constantly "fine tuning their immigration policies to lure our best and brightest away".

Citing figures from a German publication, Sinha said 38 per cent of all medical doctors in the US are Indians, 12 per cent of all scientists in the US are Indians, 36 per cent of the US National Aeronautics and Space Administration (Nasa) employees are Indians as are 34 per cent of employees in Microsoft, 28 per cent in IBM, 17 per cent at Intel and 13 per cent at Xerox.

"And yet India remains a poor country...with more than 300 million in its `consuming class'".

The increase in world trade has benefitted developed countries but not the developing ones. Former Philippine President Fidel Ramos pointed out that the share of the US and Europe has increased while that of the developing countries has decreased. In addition developing countries are yet to realise the benefits promised under the Uruguay Round and are now urged to go into a new round.

Globalisation is supposed to deliver opportunities. But as Mkapa pointed out: "opportunities are meaningless without the capacity and the means to access them...Political platitudes and moral imperatives do not in themselves create opportunities; action based on those platitudes and imperatives do".

Globalisation cannot be a one-way street. Developing countries have made it very clear that "The South is not looking for charity", the South wants equal opportunities and wants the North to play fair.

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