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Evian conclave tests frayed alliance

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EVIAN instantly evokes two things in my life. First, it was there that direct Franco-Algerian peace talks took place and, as a result, on July 5, 1962, Algeria became independent. Two years later, I met (accompanying Prime Minister Tun Razak) Ahmed Ben Bella, the Algerian President, who was later deposed in a military coup by his Defence Minister Colonel Houari Boumedienne.

Secondly, I shocked the Special Branch officers interrogating me (ISA 1976-81) by requesting Evian mineral water during our long and thirsty get-togethers. They obliged several times, but withheld it afterwards as being too expensive. I have always, prior to that and since then, been drinking Evian.

The French resort town bearing the name of the famous spring, Evianles-Bains, played host to this year's Group of Eight summit, with its leaders attempting to repair the present international "disorder" - brought into being by a flagging world economy, unrelieved poverty in many countries, the threat of terrorism and the nearly comparable menace of unilateralism.

Fence-mending after the group was split down the middle by the United States-led war on Iraq is the hoped-for outcome. This annual jamboree of bigpower unity has probably never been so sorely tested. Four of the eight - Germany, France, Russia and Canada - opposed the war. Britain, Japan and Italy supported the US. In Evian, gesture took precedence over substance. Handshakes and backslaps were examined for degrees of warmth and amity.

I don't remember such an elevated occasion ever being measured on a scale of Texan charm. The G8, made up of the world's seven richest economies plus Russia, used to be about economic co-ordination, its leitmotif about solidarity in dealing with the world's ills. It was begun in 1975 as a conference of world leaders to discuss what good they and the capitalism they represented could do for a desperately riven and unequal planet.

Russia was admitted after the end of the Cold War and from then on its agenda expanded to cover political and security issues. Even so, the hyper-elite G8 party was never meant to bring the house down, although the gatherings of leaders with such vast control of the world's fortunes were bound to elicit expectations and, sometimes, results. Indeed, they have been credited with bringing down substantial trade barriers, organising aid and easing (but not by much) the debt burden of the poor.

The ending of the Cold War, however, placed an unexpected emphasis on this greatest of all photo ops and perhaps the fanciest of all showcases of an enlightened, Western-led globalisation. Instead of an informal forum on what the rich and powerful could bestow on the world, the G8 began to look like a victory podium for the industrialised, capitalist West. Instead of altruism on a global scale, to most of the 180-odd nations excluded from the cabal, the meeting began to look like the rich and powerful deciding for the rest of us.

The picture of Evian that will stick in many minds, particularly the young, will not be that of the subtleties of greeting between President George W. Bush and host President Jacques Chirac, but that of the anti-globalisation protests in nearby Lausanne and Geneva. The protesters aren't just rebels without a cause. They make a significant statement - of being left without a vote in matters that crucially affect their lives.

Apart from their made-for-TV antics, they make a more important

contribution to the globalisation debate, although most of them might not know it. The progress of closer economic integration, in terms of fairer and more open trade and broader economic justice, has actually stalled - not by opposition from the disenfranchised but by the rich countries whom they accuse of exploitation. Even the stuffed shirts and shiny suits at the G8 meeting know this.

After the steady demolition of tariff walls over the last couple of decades, trade liberalisation has arrived at the sectors where the developed countries are at a disadvantage and thus have ground to a virtual halt. Both America and Europe are extremely reluctant to free up trade in agriculture, the one area where poor countries can employ their lower costs to export goods and wean themselves off aid.

Low economic growth worldwide has also increased protectionism in the developed countries. Even the avowed free traders among them have become cherry-pickers, preferring bilateral trade deals with the most amenable partners over multilateral trade rules. Worse, such deals have come at a price, conferred on friends and denied to foes.

"The multilateral trading system is in danger of becoming the battleground for unsettled geopolitical disputes, with disastrous consequences," says Ernesto Zedillo, a former president of Mexico and now director of the Yale Centre for the Study of Globalisation.

"The biggest risk and biggest opportunity facing the multilateral economic system is the Doha Round of trade liberalisation. Failure to push it forward would seriously undermine confidence in the multilateral system."

More than multilateral trade is at stake; the core concept of multilateralism itself has been undermined by the US-led invasion of Iraq, which was launched in defiance of world opinion and without the sanction of the United Nations. The damage done has been severe, leaving the Evian meeting with no further ambition than to patch things up.

There are substantive issues on the table, no doubt, such as the risk of deflation in member countries, the depreciation of the US dollar and the never-ending saga of debt relief to poor countries. The members will once again renew their shared objective of sustainable non-inflationary growth and their commitment to free trade, even though they hardly practice what they preach. But Evian will be scrutinised on whether America can be persuaded to lead the effort to get multilateralism back on track and take an even more reluctant Europe into the dictum that free and fair trade benefits all.

To show that they have not been left in the cold, Chirac invited a slate of 12 major developing country leaders, including Prime Minister Datuk Seri Dr Mahathir Mohamad and China's Hu Jintao, to enlarged sessions of the main meeting. Malaysia has been a fierce critic of globalisation in favour of the rich and Dr Mahathir's principled lobbying for a more even competitive balance between rich and poor nations has been too readily misconstrued as being anti-Western.

Even more after Sept 11 and the Iraq war, the US has become part of everyone's problem and part of their solution. To nudge it into the latter, the G8 needs to be more representative of the constituency it professes to include, which covers the length and breadth of the world economy.

Changes in the world political and economic landscape are fast taking place. China (though not a member of the G8) has an economy that is larger than Canada's and Russia's, trailing behind only that of the US, Japan, Germany, the UK, France and Italy.

Perhaps, China should be invited to be a member, changing the grouping

to the G9. China's accession would signify the significant politico-economic shifts in the first three years of the new century.