

Democracy and
Globalization
*PROMOTING
A NORTH-SOUTH
DIALOGUE*

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Preface

All over the world people gather to discuss globalization. A fora for discussion is provided in the shape of conferences, seminars and workshops. A fora for direct protests against the process take place outside meetings of the G8, the World Bank and the International Monetary Fund, and other institutions seen as leading the corporate-led globalization process. This two-faced process of globalization is, by many, seen as inevitable and by many more as threatening. Those losing out are getting more and more impatient and angry. In order to even the gap, Finland, a present beneficiary of globalization, is seeking to identify measures to increase the number of persons benefiting from globalization.

This work is echoed across the Gulf of Bothnia: Coinciding with the workshop that this book builds upon, the Swedish Foreign Ministry organized a consultation on how Europe can contribute towards making globalization work for the poor. The conclusions from the Swedish consultation, among other things, warn that if globalization ‘cannot be made to work for the poor we will all suffer the consequences – for world peace, for development and for social justice’¹.

Also, during the workshop, the government of Finland issued its first report on policies regarding the governance of globalization. The report points out the challenges that globalization puts on democracy and discusses ways to restate democratization. This report responds to the international call for mending the widely recognised democracy deficit run up by the globalization process.

In addition to Minister Iddi S. Simba from Tanzania, we were proud to see three Finnish Ministers together with President Martti Ahtisaari attend the workshop. Also the academia and the civil society from both the North and the South were represented.

The “Workshop on North-South Dialogue on Democracy and Globalization”, was organised with the objective to generate discussion on the need for existing and new institutional arrangements for global governance. The event was attended by some 50 participants and held in Helsinki in June 2001. The workshop, held by the Department for International Development Cooperation, the Ministry for Foreign Affairs, Finland, was implemented by the Network Institute for Global Democratization, NIGD. The articles of Cândido Grzybowski, Vijay Pratap, Yash Tandon and Teivo Teivainen have previously been published in “Political Initiatives for Democratizing Globalization”.

¹ Conclusions by the Swedish Presidency. Making Globalisation Work for the Poor – the European Contribution Informal High-level Consultation, Kramfors, Sweden, 20–21 June, 2001.

We would like to extend our warmest thanks to the contributors of this book. We strongly believe that the insights conveyed in their lucid, although sometimes sharp-edged, texts serve as eye-openers even to the most globalist reader.

Last but not least, we need to thank all the participants of the Helsinki workshop representing the diverse sectors of administration, academia and civil society. Your comments and contributions made the workshop not only possible but highly inspiring and successful.

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3 September 2001

Glossary

BWI	The Bretton Woods Institutions, standing for the IMF, the World Bank group and the General Agreement on Trade and Tariffs, GATT, later turned into WTO.
Civil society	The sphere of free association of social individuals, incorporating certain political (civic) virtues such as orientation towards public common good, pluralism and accepted democratic contestability of interpretations and initiatives.
Democratization	The essence of democracy is in the process of democratisation, in accordance with a set of criteria such as representation, participation and, also, authenticity, which includes in-depth understanding of public common good, pluralism and democratic contestability of interpretations and initiatives.
Globalization	The potential coming-together of humanity, triggered by the way communication and transportation technologies have made most (g)localities on earth causally dependent on events and processes far-away, often in a very asymmetric way; this process began in the long 16 th century, with European colonialism.
HIPC	Heavily Indebted Poor Countries, debt relief program by the World Bank
IFI	International Finance Institutions
IMF	International Monetary Fund
LDC	Less developed country
MAI	Multilateral Agreement on Investments
MNC	Multinational corporation
NGO	Non-governmental organization
The North	Rough geographical and increasingly also political division standing for the developed countries of the world
SAP	Structural Adjustment Program (of the IMF)
The South	Rough geographical and increasingly also political division standing for the developing countries of the world
TNC	Transnational corporation
Tobin tax	Small tax on currency transactions
WB	the World Bank
WSF	the World Social Forum
WTO	World Trade Organization

Chairman's Conclusions

Pertti Majanen

As a first step to mend the democracy deficit in today's world, the Under Secretary of State of Finland suggests a Plan of Action for the academia, the civil society and for the diplomatic force.

There is a broad understanding that in the present world, the principles of democracy are not well established in international relations. At the same time, the process of globalisation is increasing interdependency, and there is a call for better management of the global processes. It was in response to this call that the Ministry for Foreign Affairs of Finland together with the Network Institute for Global Democratization, NIGD, decided to organise this workshop on democracy and globalisation.

The objectives of this workshop were to, on the one hand, generate discussion on the democratic principles within existing institutional arrangements of international relations and global governance and, on the other hand, to generate discussion on the need for new institutional arrangements of international relations and global governance. We were very practical in our working methods, and concentrated on exploring initiatives leading to concrete steps forward.

The structure of the workshop allowed for space for open-ended dialogue among people from various parts of the world. Special emphasis was given to a balanced representation of both South and North as well as to civil society, academia, public administration and political decision makers.

The premises

The former president of Finland, Mr Martti Ahtisaari stated in his speech that currently, democracy does not exist in global governance. He said that globalisation requires democracy and that it is possible to introduce democracy into the global system. He emphasised that the established institutions should not be undermined in the process, but rather improved in the terms of democracy. Minister Iddi S. Simba from Tanzania pointed out that democracy will inevitably be undermined if present economic globalisation is allowed to pursue the course it now follows.

The concept of globalisation represented quite different things to different speakers. However, there was broad agreement that there is a need to move on from discussing globalisation in general to an analysis of the institutions leading the process. In this regard, the existing organisations, such as the United Nations, the Bretton Woods

Institutions and the World Trade Organisation would be in focus. Similarly global processes, such as deregulation of capital flows, development of information technology, trade liberalisation and the emergence of global cultures, deserve attention.

The means

At the two working groups and in the plenary discussions of the workshop initiatives and ideas on how to nurture the principles and practices of democracy in international relations and global governance were mapped out. These range from far reaching suggestions, such as the creation of a World Parliament, to very practical ideas, such as strengthening the World Social Forum.

The first working group discussed the present institutions in the world system and was concerned with the questions of how to make them more democratic. Common to most proposals put forward was the need to include civil society in the decision-making processes. The UN Peking-process was mentioned as a role model of how to achieve results by allowing participation of all layers of society. Can this success be copied into other proposed initiatives, such as the people's parliament within the UN, the people's commission in the WTO and social auditing of trade agreements? The working group stressed the importance of institutions being transparent and accountable while ensuring genuine participation of civil society.

The second working group discussed the need for new institutions in order to introduce more democratic control of world affairs. The group came up with three main proposals. The first proposal was to strengthen civil society movements, for example in the form of strengthening the World Social Forum and in creating a 'glocal' university gathering and sharing local knowledge relating to global matters. The second proposal was to set up a global taxation system for example in the form of democratically controlled Tobin Tax Organisation (TTO) or by installing fees for carbon dioxide emissions. The third proposal, the creation of a World Parliament, was also discussed and seen as a desirable part of the overall future vision for a foundation of a world democracy.

Some of the issues raised in the workshop deserve closer attention. One of the most innovative suggestions was the idea to set up a North-South truth Commission (with a small letter 't') which would allow moral and political dimensions of North-South relations to be discussed in a comprehensive manner. Such a truth commission would allow for a global search for an understanding that could help healing the relationship between the North and the South.

Second, there is also a need to revisit the concept of partnership. This concept needs to be decoded and thoroughly rethought. How can we make unequal partners

more equal? Should we talk about a stakeholder dialogue? Should we be documenting the prevailing “best practices”? Overall, it is crucial to understand the negative forces undermining the present practices and to create new “listening practices”? How do we create mutual ownership on mutual terms respecting the local agendas?

Third, the question of finance is crucial. Despite the fact that concerns of solidarity, equality and justice still persist, the discussions on development aid fatigue are vast and in this workshop, we also raised the issue of alternative funding. We discussed three dimensions of the issue, i.e. the funding on global public goods, global taxation (carbon dioxide fees and Tobin tax) and a global lottery. Also, the participants proposed the creation of a Nordic-African Solidarity Fund or a Global Justice Fund, to ensure the necessary financial means for the South.

BOX 1

The Agenda for Action

The follow-up activities of this workshop are envisaged to be taken by various stakeholders.

- Establishment of the North-South truth Commission
 - Ministry for Foreign Affairs to collect proposals and ideas
 - Convene the First meeting to prepare a road map for further action
- Feed the outcomes of the workshop into other processes various governmental fora (Nordic ministers, bilateral discussions, international organisations)
 - research and movement networks
- Promote and facilitate further dialogue
 - support to research networks on democracy and global relations, especially for participation from the South
 - explore the idea for constructing a transcontinental think tank studying the different dimensions of democracy and what it means on the local, national, and global levels
 - link with the World Social Forum that brings together social movements with academia and decision makers
 - facilitate a closer network of local social movements having global dimensions for sharing knowledge
 - develop experimental reciprocal learning processes between South and North, e.g. on local democracy and people's participation.

Fourth, there was a suggestion for organising an international conference on global democratisation, modelled by the Conference on Security and Cooperation in Europe held in Helsinki in the 1970s. There is need for rethinking the world order on the basis of democratic principles, and the European experience could be an inspiration for such process.

North – South Dialogue on Democracy and Globalisation

Satu Hassi

If we look at how the countries of the world would be represented in a World Parliament based on demography, the inequalities in the present power relations are eminent, says the Finnish Minister for Development Cooperation and the Environment. On our way towards global democracy we should be searching for more democratic North-South relations by moving from conditionality to partnership.

I was very happy and honoured to open the workshop on ‘North-South Dialogue on Globalisation and Democracy’. The discussion on the issue of globalisation is very lively, even heated, as the large and numerous public forums, demonstrations and confrontations during the recent years, and days indeed, have shown us. From Seattle to Gothenburg the questions of trade, poverty, finance, environment, labour rights and democracy have been in the forefront both in the inter-governmental meetings and in civil society activities around them.

In June of this year, the government of Finland gave, for the first time, a report on the policies regarding the governance of globalisation. In the report the challenges regarding democracy are discussed and the commitment to it restated.

There are two dimensions of the debate on globalisation and democracy that I find very important as the underlying ideas behind this two-day workshop. One of them is moving from negotiation to dialogue. The difference between the two are that in negotiation all parties set their objectives and try to reach them to the maximum extent. In order to get desired results the parties tend to start from such positions, that even in a compromise the objectives will be reached. In a contentious and dynamic situation characterized by globalisation this kind of negotiation approach is in my view inadequate. A complementary approach is an open-ended dialogue, where the parties enter interaction with their values rather than pre-set objectives, and with openness for new solutions to common challenges. It is in this spirit that the Ministry for Foreign Affairs and the Network Institute for Global Democratisation, NIGD, have invited all of you to this dialogue.

The second dimension is the interaction between the North and the South. These geographical descriptions are used to capture the division that exist in the globalised world. They are not fixed to particular countries, but to perspectives raising out of different realities. For a dialogue on globalisation to be comprehensive, there is a need

for a balanced participation. In today's workshop, the Finns outnumber our guests from the South but for speakers we have tried to find a balance.

The discussion on globalisation inevitably will lead to international institutions. The institutions we have are necessary, yet imperfect. A major shortcoming with some of them is that the decision making can hardly be considered very democratic. However, these defects are not there because of the institution, but because the power and wealth are very unevenly distributed in the world. This fundamental disparity is only reflected in the structures of these institutions.

If we look at the present international organisations three main systems of decision making can be distinguished: First, there is the UN system based on the principle of one country and one vote. Second, in the operations of Bretton Woods Institutions there is the rule of one dollar one vote. Third, there is the practice in the World Trade Organisation where and many UN conventions where decision are taken by consensus.

None of these arrangements fulfill the criteria that we set for democratic governance on national level. The UN practice is closest, but even there the demography is not taken into account.

BOX 2

An idea of the present power relations can be obtained by looking at how different countries would be represented in a 'world parliament' based on demography. In a parliament of 600 seats, representatives from the 10 major countries would be like this:

1. China 127
2. India 100
3. European Union 38
4. United States 27
5. Indonesia 21
6. Brazil 16
7. Pakistan 16
8. Russian Federation 15
9. Bangladesh 13
10. Japan 13

In this setting China would have five times more influence than the US, and India four times more. Is this the case in today's World?

If our international relations and institutions are so far from democratic principles and practices, the increasingly popular discourse about *global governance* has major risks. If there is no strong commitment to global democracy, the institutional structures will reflect the unjust power structures and also strengthen them.

Therefore, instead of developing global governance with an urgency it would be more important to nurture and strengthen democracy everywhere where it is in shortage. This kind of challenges can be found in all levels from civil society institutions and local authorities to global organisations and multinational corporations.

On a national and regional level I would like to take an example from Finland where in the last EU parliament elections only a third cast their votes, which is exceptionally low participation in Finland. Therefore there is a need for improving the decision-making processes regarding EU in my country.

In development cooperation we are assisting our partner countries in questions relating to democracy. Let's take a closer look at this example from Tanzania:

BOX 3

The Finnish Government supports a Rural Integrated Project Support (RIPS) in Lindi and Mtwara regions. The project represents a committed and courageous effort by many actors, especially government staff, to make the new rhetoric of participation, decentralisation and democracy a reality. Over the years RIPS has explored and pioneered approaches which truly seek to empower communities and the poor and enable them to gain a better life and livelihood according to their own priorities. Nowhere in the world has it been simple to make the culture and norms of government organisations more participatory, or to transform personal behaviour and attitudes in government. Gradually, Lindi and Mtwara government staff have come to relate and interact more dramatically with communities. In the continuing struggle to transform and re-orient top-down administration and dominating behaviours and attitudes RIPS has much to share in terms of lessons learned that could be applied elsewhere as an example of local empowerment processes.

Like I mentioned before, the challenges regarding democratic order are greatest on a global level. In this, a necessary first step would be the redistribution of power and wealth. This requires for the present major powers, including the European Union, to have greater commitment to democracy. If these major powers choose to hold on to their authority or even to increase it, the tensions around international relations and globalisation will inevitably grow.

A motive for the major powers to become more committed to democracy in international relations is the values of freedom, sisterhood and equality that at the best of times have been cherished in their societies. However, since these values do not seem to be enough to constitute a change, new arguments are needed. Recently the increasing understanding of global interconnectedness is a factor promoting a commitment to democracy. The idea behind global public goods captures this thinking very well. For international problems such as climate change, spread of communicable diseases, financial instability and warfare global co-operation is needed. And this co-operation can be successful and sustainable only if it is based on democratic principles and practices.

Personally, I am most committed to dialogue with people from the developing countries in a search for a more democratic World order in general and South-North relations in particular. An example of the initiatives I have made as minister for development co-operation to this direction is the support for efforts to build trade negotiation capacity in developing countries. The Finnish Ministry for Foreign Affairs has funded activities of multilateral institutions such as UNCTAD and non-governmental organisations such as International Centre for Trade and Sustainable Development. Another example is the preparations for an exercise that we call *partner review*. This means inviting representatives from our long-term partner countries from the South to assess our development co-operation efforts and relations with developing countries at large.

I see this workshop as a new step in a process where the government of Finland will enhance and deepen the dialogue on democracy especially with the governments and civil societies of the South. I hope that the presentations and discussions of the workshop have provided good guidance as to how to carry on this process.

Earlier this year, in August, I have shared the outcomes of this workshop at the meeting of the Nordic ministers for development cooperation that I convened. I am sure that the ideas from these two days will also be useful in future when meeting with my colleagues from the South either here in Finland, in international conferences or during my visits to developing countries.

Africa and the donor community: in search of a partnership for development²

Steve Kayizzi-Mugerwa

By analysing the British and Swedish development policies we find that the new donor thinking has been generating more questions than answers. What and who decides what is meant by 'partnership'? Is this just another way of skinning the cat or will it actually lead to something new?

Introduction

The international community's perception of Africa and its needs has changed so frequently in the past decades that recent donor efforts at formulating a new pact for development were bound to be viewed with some scepticism. How, African countries might ask, should the partnership being sought by rich countries be assessed in light of earlier experiences that included multilateral 'conditionalities' on aid issues? What are the implications of a 'partnership' between rich countries and the very poorest and, therefore, weakest nations? Who would be the arbiter in the very likely event of differences of opinion or interpretation? What of the well-known dangers of multiple partners (reflected earlier in cross-conditionalities)? Could it also be that in the era of aid budget cuts partnership is simply a form of 'honourable exit'? There is little doubt that the new donor thinking has been generating more questions than answers (Hirata, 1995; Lowe 1996; Rudner 1996).

Following a decade of increasing disillusionment with the effectiveness of international aid in Africa, with few of its goals, notably poverty reduction, being achieved, there was bound to be a serious re-examination. Initially, it was easy to blame the failure on individual countries' lack of commitment, though it became clear that there was something wrong with the whole set up. The irony of forcing countries, for example via policy conditionality, to do what they should have been doing as a matter of course finally dawned on the donors. In the much more open and integrated world of the 1990s, the institutional and policy structures of international aid were still based on the geopolitics of a bygone era (Mosley, 1996, Clad and Stone, 1993). Africa itself has witnessed the end of apartheid, adoption of more 'open' political and

² This paper is a revised version of the article appearing in *The Journal of International Development*, March, 1998.

economic systems in many countries, and the emergence of a vast range of business opportunities.

This paper focuses on partnership, the new big idea being advanced by the donor community, and its practical implications for African countries. The question is whether it marks the end of conditionality as we know it or indicates, as many times before, a mere change of mood.

Two main references are the White Paper, *Eliminating World Poverty*, of Britain's Department for International Development (DFID)(1997) and the Report of a Working Group of the Swedish Ministry of Foreign Affairs (UD)(1997), *Partnership with Africa*. The British document is the more political, with even swipes at the previous government for distorting development funds in pursuit of 'short-term commercial objectives' (DFID: 41). The Swedish proposals, yet to be presented to the *Riksdag*, cover surprisingly similar ground, though focus on one region, Africa, provides a clearer context.

Partnership for African Development

Background

As noted earlier, the search for a new partnership for African development is directly related to the recent changes in the economics and politics of the region. To put the new thinking in context, let us briefly outline Africa's recent political economy.

Since independence, African countries have had to address three interrelated challenges: first, how to define the parameters for political competition; second, how to manage the distribution of national resources; third, how to deal with the outside world, especially in matters of trade and commerce. Concentration of power in government and allied institutions was an important reaction to the economic and political challenges. The public sector was expanded, trade unions and co-operatives were tied closely to government, controls and regulations were imposed on external trade and single political parties became the norm. Lack of competition lowered economic efficiency and growth, while political monopoly made it difficult to construct broad social coalitions for addressing the serious challenges that lay ahead.

These included the oil shocks of the 1970s, commodity price fluctuations, a rising debt burden, civil strife, sharp declines in investment and growth, and increasing deficits and inflation. In many countries, peasants withdrew from formal market production, with serious implications for agricultural exports. The grey sector assumed a larger share of urban sector activities, civil servants became disillusioned and public sector efficiency sank. For most countries rising rural and urban poverty became a serious policy concern. There was need for concerted efforts to reverse the crisis.

Much like national economic planning had been in the 1960s, structural adjustment policies became the policy orthodoxy of the 1980s and 90s. A lot has been written about adjustment in Africa in the past decade, with advocates claiming that it was the only means of reversing the economic crisis, while opponents charge that it only caused mass poverty (Kayizzi-Mugerwa and Levin, 1994). Though there have even been suggestions of an emerging consensus on the subject (World Bank 1994a,b), ongoing donor efforts at establishing a 'new' partnership indicate that the old one was not working well enough (Kifle, Olukoshi and Wohlgenuth, 1997).

What is clear, however, is that countries that undertook adjustment also received a considerable amount of external support, leading in some cases to quite dramatic increases in growth rates. Equally clear is that few of the success stories could be said to be sustainable or beyond reversal, many having accumulated heavy multilateral debt in the process. However, the perhaps most intriguing aspect of the adjustment debate is that few of the things that the countries were asked to do by the IMF and World Bank were totally alien or undesirable. Indeed many governments wanted their public sectors trimmed. They understood the dangers of overvalued exchange rates, as well as those of a poor tax system and an over extended parastatal sector, but were constrained from drastic action by domestic politics (Republic of Zambia, 1987). Structural adjustment programmes became the most controversial interventions in Africa's political economy since the colonial period because they were seen as impositions from outside.

In their desperate need for cash, African leaders made commitments that they had no means of keeping, while donors had too much faith in the efficacy of their 'conditionality'. There was also the inevitable contradiction: In many countries these complex programmes were to be implemented by an African civil service described in concurrent appraisals as corrupt and incompetent. Since the set of conditions attached to adjustment programmes were too detailed few countries ever fulfilled them. The original intention of developing a consistent disciplinary mechanism on which most donors agreed soon gave way to a patchwork of additional conditionalities and exemptions making consistence ever harder to achieve. For many African countries this situation made it difficult to establish a record of performance, it became impossible to 'graduate' from donor dependence. Instead Africa as a region gained a poor reputation for policy commitment.

Defining Partnership

The White Paper addresses the subject of 'Building Partnerships' in section 2 while the Swedish proposals are wholly devoted to that subject with respect to Africa. Both documents make it clear that the partnership suggested is also in the donors' self-interest. The White Paper argues, for example, that Britain is a trading nation with a

sizeable commercial presence in the developing countries whose prosperity and well-being certainly reflects on growth and jobs at home (DFID: 16). The Swedish document suggests the intriguing idea of Africa as the last development frontier, a place where the investment opportunities of the future will emerge. An 'enlightened self-interest' suggests that active and persistent efforts to establish contacts be made today in order to ensure long-term benefits (UD:16).

While the documents address many issues related to future aid relations including poverty elimination, governance, the environment and human rights, partnership is the key word. Donors feel strongly the need to move beyond the 'old conditionalities' related to structural adjustment programmes to more flexible programme design that entails increased recipient country responsibility in all aspects of implementation (DFID:37; UD:20). Partnership is thus a 'back to basics' strategy. African governments should, at a minimum, be able to defend their programmes before their domestic constituencies (as indeed donor governments do theirs) on the basis of their own convictions. It should no longer be necessary for the IMF or any other donor to 'take the heat' for a country's decision to implement difficult but sound policies. Implied is that countries should sometimes be allowed to 'fail' if only to allow a learning process to take hold.

It is also emphasised that the switch to partnership needs to be explained to the political constituencies of the donor countries, where concern over aid effectiveness led to the changes now taking place. The White Paper sees 'a stronger public understanding of our mutual dependence' as important, as well as the need to set out clear principles on which the 'common interest' is to be based (DFID:16). However, since financial and human resources are limited, it is necessary to concentrate on priority areas 'where the needs are greatest and where we can achieve results' (DFID:39). The Swedish proposals develop these themes further by suggesting that donors need to establish the practice of 'listening' to enable them articulate partners' needs within their own political constraints. In developing a case for partnership, it is also necessary to go beyond the stereotypical image of African countries as too poor, conflict prone and unruly to do normal business with. This demands better knowledge in donor societies of the recipient countries, a task not to be left to governments alone. Partnership thus needs to be extended beyond official players to NGOs, independent media, business and industry (UD:19).

However, while the idea of partnership is attractive, it is important not to forget that the countries with which the partnerships are envisaged are poor, with inadequate economic and political system. Even the most receptive of these will need time to internalise the new ideas and use them to own benefit. Moreover, it is difficult to tell at this stage how popular the new ideas are within the broader donor community. Initially, therefore, the 'donor' partners will need to do a certain amount of advocacy

work on behalf of their 'new' partners in international fora. Indeed Britain already envisages such a role, especially given its considerable influence in the UN system, the Commonwealth, EU and the regional banks. Sweden, a similarly influential country within the international donor community, suggests that as a way of enhancing Africa's image, major African issues should be discussed under African auspices and in an African context. This will ultimately generate greater commitment than agreements and solutions arrived at in foreign capitals. However, the new relationship also demands that African countries strive to play their part in making it work. The Swedish proposals conclude that ultimately, 'equality means that our African partners are subject to the same requirements to follow joint international agreements regarding human rights etc as we impose on our European partners, for example' (UD:17).

Rules and Obligations

If partnership as a *modus operandi* becomes anywhere as widely used as the conditionality that it is trying to replace, it will be important to know the rules, including partner obligations. How will a partnership of the quality envisaged in these documents be brought about? The key words here are political commitment and mutual interest. The White Paper makes it clear that what will be done in a particular country will ultimately depend on the country's own formulation of its needs, with considerable leeway given to countries where capacity for policy formulation already exists or can be developed. Political commitment to poverty elimination is the basis for British partnership: the new relationship will depend on how able the new partners are to making 'a strategic contribution to poverty reduction (DFID:Panel 14).

This proposition is attractive from a number of respects. First, it narrows down aid issues to the one denominator, poverty eradication, which the constituencies in developed and recipient countries care most about. It will take time to achieve, introducing the long-term nature of the partnership, and presumes the careful use of other macroeconomic and sectoral policies. It can also be monitored since progress in poverty elimination is indicated by improvements in a range of social indicators including levels of schooling, child mortality etc. Furthermore, other policy goals such as responsive and accountable government and promotion of cultural and civil liberties cannot be sustained in the presence of rampant poverty. Still, to achieve substantial poverty reduction by the year 2015, as envisaged by the White Paper, will demand a type of global co-ordination that has been lacking in the past.

The Swedish document provides a detailed discussion of the nature of the proposed partnership, complete with what is expected of the partners. First, the proposals take the view that Africa is too large a continent to fit into a narrow conceptualisation of relationships. Thus due regard will be paid to local factors, including historical, social

and cultural conditions. Still, for it to be useful, a partnership will have to be based on a set of minimum or shared values. These include gender equality, freedom of expression, pluralism, government accountability, and division of powers, with an independent judiciary. Even a code of conduct has been suggested for the donor partner. This includes avoidance of sudden shifts of mood: no new elements should be introduced once an agreement is reached. There must be clear advance presentation of conditions for co-operation to which the partners then commit themselves. It is also necessary to undertake 'genuine' negotiations on all points and to base co-operation on targets rather than on detailed controls. To establish the credibility mentioned above, there has to be respect for the agreed division of responsibility, and to resist all temptation to take over 'processes and responsibility' from the recipient. Finally, there is need for openness regarding the activities donors are supporting in particular countries *vis-à-vis* interested parties at home and in the recipient country (UD:13–25).

Conclusion

Discussion in this paper has been restricted to the issue of partnership because it marks the first signs that donors are willing to devise aid relationships consistent with the vast changes that have taken place in global geopolitics and economics. However, the 'equal' partnership envisaged, is far from that understood in business: donor budgets will no doubt continue to determine the terms of engagement. Still, there seems to be a genuine need to move away from the confrontational approach that characterised the era of structural adjustment (see the contributions in Kayizzi-Mugerwa (forthcoming)).

A point of departure will be agreement on shared values or common interests. Many of these will incorporate the standard values of western democracy including pluralism, gender equality and civil liberties. While aspired to, these are not values that are commonly 'shared' with African countries. Inevitably, some rules of thumb will have to be used to assess 'movement in the right direction' otherwise suitable partners might be extremely difficult to find. Still, by indicating a set of values they adhere to, donors will be sending signals to countries that aspire to the same values. Thus, by their very nature partnerships will be exclusive.

Need African countries fear the spectre of multiple partnerships? The answer depends very much on the nature these will take. For example, to what extent will membership in the EU influence British and, for that matter, Swedish intentions to evolve a development co-operation strategy based on partnership? Where this implies cross-conditionalities, we would not have made much progress. However, the aid business is huge and complex and demands a level of co-ordination and the advocacy role of

(partner) donors will need to come into full play to ensure that the interests of their aid recipients are preserved. Earlier experience has shown that unless the big players come on board, new international initiatives are bound to flounder. This will especially be important in the course of the new trade arrangements that are reshaping the global economy.

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Democracy versus Globalization?³ LOGO

Chandra Shekhar

The former Prime Minister of India shows how India (was) prepared for its 1991 shock therapy. He raises the question on how the process of globalization, as brought to India, is in conformity with democratic institutions?

I am pleased that the Finnish Ministry of Foreign Affairs and the Network Institute for Global Democratization, NIGD, organized this workshop on North-South Dialogue. The need for debate and discussions on these subjects has been emphasized at various fora.

National struggles for political independence have always been motivated by a desire to secure basic human rights, self-determination and socio-economic development of the countries in general and the underprivileged, in particular. Indian history is full with accounts of the operation of democratic systems even at the village level. Given her vast size, diversity in language, customs, climate, economic endowments and levels of development, it was basic to have democratic practices as a part of plan philosophy. Centralisation and undemocratic institutions could be no answer to the optimal development of people. Experience of the recent past, however, raises questions as to whether, the process of globalization, as brought to the country, is in conformity with democratic institutions. Was it not necessary to take people into confidence before affecting fundamental changes in the direction of economic policy?

The manner in which the liberalisation package was adopted in 1991 and continues to be administered since then, leaves one deeply worried about the implications of the process of globalisation on democratic polity; this is particularly true for developing countries. For instance, in June 1991, the new minority government, within a few days of its assuming office, announced a package of new economic policies. The proposed policy frame was radically different, in approach and content, from the one India has pursued ever since its gaining political independence. The new policy package was delivered swiftly in order to complete the process of changeover before any opposition to implementation of the new policies get consolidated. The strategy was to administer 'shock therapy'. The new policies did not come from the ruling Party's election manifesto of 1991 for which the Party sought support of the Indian voters.

³ This text has been updated by the editors.

The new policy package was not discussed at any major organisational or Parliamentary forum either. It was a surprise move for many in the Cabinet, State Chief Ministers and other State level functionaries. There was no debate among officials or economists prior to official adoption of new policies. The press and the government-controlled media were pressed into service to assert that the country needed to opt for 'market oriented policies' as most misfortunes of the country were linked to extensive state controls and interventions.

The new policy package was projected as an indigenous product to seek easy acceptability. The same policy package had been in use for many years in a number of Latin American and African countries. Some described it 'Washington Consensus', 'Structural Adjustment Programme' and others liberalisation, globalisation or package of reforms. Later developments and disclosures show that the new economic policy was adopted under pressure from multilateral institutions (the International Monetary Fund and the World Bank). The Fund and the Bank have been involved in monitoring the progress of liberalisation and were privy to data and information which the ordinary Indian citizen and researchers did not have access to. All criticism of the new economic policies was publicly snubbed. Advisory committees and expert groups supposed to deliberate on policies and programmes were packed with sycophants, favourites and sympathisers. One Minister went on to say: Why should public resources be wasted in hearing criticism? The critics were either dubbed as irrelevant or described as living in the Stone Age! This happened in India where there has been a strong democratic tradition for open intellectual debates.

Lack of debate and yielding of little space for honest opposition leads to the emergence of a conformist culture in administration, politics, media and worst of all in academics. The early 1990's witnessed close similarities to the emergent days in the mid-1970's. The result: adoption of a variety of policies, which did not relate to the problems of the Indian economy. Concentration of political power resulted into excessive misuse of the state machinery. And, thus came the era of scams, favouritism and corruption. Also, since the policy package was not evolved indigenously and was pursued as if the policy makers were following a pre-set timetable, failures and costs of implementation have been quite high.

BOX 4

The Indian experience raises some basic questions:

- Is globalisation really meant for development?
- Should globalisation be thrust upon developing countries, which have their own peculiar problems?
- Can the state apparatus be replaced with the market-oriented system? In a market-oriented system, who protects the vulnerable sections – the poor, the child, the old and the woman- and social property and work for social issues?
- How can a package that hurts the resource mobilising capacity of the developing country governments enable public investments to directly address the issues of nutrition, education, health, housing, etc?
- While a large proportion of expenditure of developed countries goes towards subsidies and other transfers, should the poorer countries where the problem of disparities is more acute, be forced to reduce subsidies in order to contain fiscal deficits?
- Should privatisation be pursued as an ideology irrespective of the efficiency and the specific social need served by individual public enterprises?
- Would worsening inter-regional and inter-personal disparities spawned by market forces give rise to people's uprising and destabilise democratic systems?
- Finally, should external organisations, which neither own responsibility for failures nor are accountable to the people be allowed to impose liberalisation policies on individual nations?

These are just a few questions that keep bothering many of us. I am sure, that the participants from various disciplines and countries with differing endowments and experiences will have more direct and relevant points to raise and debate.

Democracy, Governance and Corruption – Moral Recolonization of Africa

Yash Tandon

The agenda that demands the liberalization of the markets in Africa are only a sub-set of the demands that the hegemonic Anglo-Saxon model is making of other countries in the world as well – Europe (including the Nordic countries), Japan, Russia, China and, of course, other parts of the “third world”. In this context it is a strange phenomenon that the Nordic countries join in the chorus to demand Africa’s adjustment to the hegemonic Anglo-Saxon model of political and corporate governance when they are themselves subject to the same pressures.

Some Conceptual Issues

The oft-repeated line that African states are, in general, undemocratic, badly governed and corrupt has become an axiomatic truism not only in Western eyes but also in the eyes of most honest observers of the African scene within the continent itself. Indeed, there is not even much point in defending the African state from these unsavory but empirically verifiable attributes.⁴

There is also, equally, not much point in making the counter argument that many Western states are also undemocratic (for example, the outcome of the American elections of 2000 was decided by the court room and not by the ballot; and most African-Americans feel they are in effect disenfranchised by the American “democratic” system), badly governed (for example, the institutions of the European Commission are so badly governed that in many knowledgeable circles they have become an object of some ridicule), and corrupt (for example, the manner in which the media mogul, Berlusconi, has captured corporate and state power in Italy has raised many serious issues about political corruption in Europe). This kind of argument – the West points a finger at Africa and Africa at the West – is neither here nor there. It does not help. Nonetheless, such comparisons do help to raise the question of whether the differences between Africa and Western democracies are of kind or of degree. Is corruption in

⁴ This observation may apply to Asia and Latin America too, but this essayist is most familiar with Africa and will limit himself to Africa only.

Africa, for example, of an order different than that which exists in say Italy or France or the United States? Or are they merely different in degree, differences in which corruption in Africa looms large because of other reasons, especially its persistent poverty, and it gets covered up in America because of its opulence, wealth, power and sophistication? Do the rich get away with what the poor cannot? Are there double standards here – one for the rich, one for the poor?

Corruption is, of course, inherently unacceptable, no matter where it occurs and who indulges in it. One cannot condone it, except, perhaps, for special reasons and in moderate doses (as, for example, when it becomes a matter of basic survival in difficult circumstances, or, more controversially, when the state indulges in differential social policies that favour one group or another, as in Malaysia, for example, in favour of the *Bhumiputras*). Corruption also defies definition – is corruption of the mind or of the spirit any better than corruption that brings material gain? The highly paid African official who works for the World Bank or the IMF and who, to defend his salary, promotion prospects and pension rights, sells Africa a piece of advice that pleases his boss rather than protect the interest of Africans, is he any less corrupt than an African Minister of State who sells his country for a tender that adds 10 per cent commission to his foreign bank account? Are they not both equally, or in different measures, corrupt and culpable?

The Nordic Model and Historical Irony

But is it relevant to raise these part-philosophical and conceptual issues in a seminar organised in Finland and in the Nordic context? Societies in Nordic countries appear to have reached a certain degree of political honesty, relatively egalitarian distribution of wealth, and a very high degree of efficient management of national governance. They also happen to have most empathy for the third world, especially Africa. They are really concerned about Africa's poverty, and they do believe (rightly or wrongly) that these three ills (lack of democracy, corruption and poor governance) are the real problem that needs to be put up front in any agenda on taking Africa to a road to self-recovery. They might argue, if pushed, that Italy, the United States and the European Commission can "afford" these ills, but Africa cannot; Africa has to live by the highest standards required by a democratic agenda. Or else there is not going to be any development in Africa. And they are right, or mostly right.

However, the irony in this uniquely Nordic perspective about Africa (uniquely because it is not necessarily shared by the more cynical, or more "realistic", Anglo-Saxon and non-Nordic Europeans) is that this is coming at a time when the Nordic model is itself under strain, if not indeed heading, possibly, towards a crisis. To most

observers from outside, like the present writer, it comes as a surprise that, generally, civil societies in Nordic countries do not appear to be conscious of this looming crisis or even curious about it. At least they are not making much noise about it. The adjustments that are daily made to accommodate to the dominant Anglo-Saxon model of corporate and political governance are so subtly incremental, so apparently unobtrusive, that most people pass these off as indeed the most “natural” consequences of “globalization.” The Anglo-Saxon aggressive shareholder concept of corporate governance (where profits rule) is surreptitiously and increasingly getting woven into the fabric of Nordic corporate governance through the global process of mergers and acquisitions to the erosion of their own stakeholder concept (where the social contract between labour and capital rule). And yet few in these civil societies even appear to be raising an eyebrow. Can one have any doubts as to the inevitable end to this road? Nordic civil societies, still mystified by their own past success at developing a beautifully balanced system of social harmony and still feathered by extremely rich economies, appear not only to be integrating into this global system but even advocating to the Africans that they do the same.

This essayist does not have ready examples at hand from the Nordic countries, but some examples from continental Europe may help to illustrate the point. For example, last year the Germans anguished over the takeover of the telecom company, Mannesmann, by the English company Vodaphone. This was not simply an ordinary merger and acquisition; it was a takeover of a German company with a strong ethos in the stakeholder concept by a British company that put profits before the interests of the workers or of social peace. In another instance, this year, the Belgians and the French protested at the manner in which the British company, Marks and Spencers, closed its stores in Europe and sacked thousands of employees without so much as “consultation” with the sacked workers? This does not sit comfortably with Continental ethos of consultative industrial relations. No wonder, then, that the Belgian government, which is to take over the chairmanship of the European Union starting July 2001 is making “social welfare” as its specific contribution to the manner in which the Union is shaping up. It is not accidental that the British should have rejected the “social chapter” provisions of the Maastricht Treaty. It is not part of the British corporate culture of governance to be inclusive of social concerns. Indeed, if the Labour Party in Britain had any such past pretensions, the Thatcherite Blair, in his pursuit for “the third way”, has completely abandoned these in favour of the American model. Of course, there are differences between Britain and the USA on many issues (for example, on the issue of the environment), but, by and large, they share a common history, culture, language and set of values on the important issue of political and corporate governance, which is the subject of this essay.

As for the differences between the Anglo-Saxon and Continental and Nordic principles and practices regarding democracy, corruption and good governance, these are not just differences in style, or degree, but also fundamental and deep-rooted differences arising from their history, culture and the delicate balance of class forces in the Continent. However, all evidence to date indicates that the hegemonious Anglo-Saxon practice seems to be having the upper hand in the present epoch of globalization and cross-border mergers and acquisitions. There are occasional protests from Continental Europe against these pressures to conform to the Anglo-Saxon model. But they seem to be accepting their fate, and resistance in these countries is diminishing. When they falter and do not conform to the Anglo-Saxon practices, they are admonished by a whole array of “management gurus” from American academic establishments and the Bretton Woods institutions who extol the virtues of “competitive capitalism”. The British periodical, *the Economist*, the mouth-piece *par excellence* of Anglo-Saxon empire, occasionally admonishes the Europeans relentlessly for sticking to their outdated past practices. Adjust or be doomed, *the Economist* says to the Europeans.

We, in Africa, should know and understand the differences in Western cultures and practices about democracy, corruption and corporate governance. When the World Bank or the West tell us to practice “zero tolerance” on corruption, or to institute structures and principles of “good governance”, which particular brand of concepts and practices must inform our attempts to adjust to their demands? And, a more important question, what defenses does Africa have against the onslaught of the Anglo-Saxon version of democracy and corporate governance when even Europe and Japan cannot withstand this offensive?

Let us summarize this argument before going further.

BOX 5

The agenda that demands the liberalization of the markets in Africa are only a sub-set of the demands that the hegemonic Anglo-Saxon model is making of other countries in the world as well – Europe (including the Nordic countries), Japan, Russia, China and, of course, other parts of the “third world”. In this context it is a strange phenomenon that the Nordic countries join in the chorus to demand Africa’s *adjustment* to the hegemonic Anglo-Saxon model of political and corporate governance when they are themselves subject to the same pressures.

Some issues arise from this analysis, but they will be discussed later. For example: are there issues and concerns that the Nordics may want to share with Africans about the manner in which globalization is taking place in our own time? There are obvious

differences between them, but do they not have a common obligation to understand what drives the present debate on global governance, corruption and democracy, and what its implications are for their respective polities?

The Moral Pretensions behind the Anglo-Saxon Model of Good Governance

The same *Economist*, that periodically exhorts the Europeans to conform to the Anglo-Saxon dominant model of corporate governance, last year described Africa as “*the hopeless continent*”. Later, in its 24 February 2001 issue, it raised the question “*Who will mend Africa?*” The journal is not even conscious of its patronizing tone, or may be it is, and it is a carryover from its imperial past. When it went further to describe President Mugabe as “Africa’s own Mussolini”, or President Mbeki’s views on AIDS as “not just irresponsible but verging on the loony”⁵ was it judging these leaders by the “high” English moral and political standards, or was there another agenda behind these diatribes?

The strange thing is that once the Anglo-Saxon press has condemned an African leader, the Western press (including the European continental press) in general falls in line. The chorus is repeated and what starts as a subtle hint becomes a confirmed “fact”, paradoxically not only in the eyes of the Western populace generally but, oddly, also in the eyes of Africans who would like to be (or seen to be) part of the “cultured” and “civilized” company of the Europeans and the Americans. In diplomatic circles, even where Africans are present, the descriptions of Mugabe as “mad” and of Mbeki’s views as “loony” or his refusal to censor Mugabe as “irresponsible” are not even restrained. The diplomats talk about this as freely and openly, as when during the British Raj, in civilized company, they would talk about the natives as being vulgar and uncultured. As the English proverb goes, before killing give a dog a bad name – or words to that effect.

These African or third world leaders may or may not be mad or loonies. That remains for history to judge. But when they are so judged contemporaneously by the mouthpieces of the former imperial power, then any vigilant observer must smell political motives behind such judgments. Make the name of Mugabe and Mbeki a household aversion, at least in the Empire, and later if they are disposed of by fair or

⁵ Respectively, page 52 and page 12 of the special Survey on South Africa, *the Economist*, February 21, 2001.

foul means, nobody will come forward to shed tears. Oddly, no tears may flow even in Africa, for African civil societies too would have been prepared, by massive but very subtle propaganda of, among others, the CNN and the BBC, to accept the “inevitable”. It must be pointed out, in parenthesis, that the Anglo-Saxon empire has singularly failed in its application of this strategy to Arab leaders. Both Gaddafi and Saddam Hussein have been labeled, for the last decade and more, as “mad”, “like Hitler” and many such epithets of aversion. The Anglo-Saxon Empire has openly declared its intention to get rid of them. However, it has not succeeded (yet) in doing so. The Arab populations have rallied behind these leaders, and even Continental Europe can no longer (they may have at some point) share the enthusiasm of the Anglo-Saxons to dethrone these Arab leaders.

This is not to say, to repeat, that Mugabe and Mbeki may not be mad or loony; they may be. But it is one thing for the nationals of Zimbabwe and South Africa to say so, and quite another thing for the agents of the Empire to say so. There is a difference between African populations wanting to get rid of their putative dictators and corrupt leaders and the Anglo-Saxon Empire wanting to get rid of them. *For the first action is democratic whilst the second is imperial.*

There can, of course, be a tactical alliance between the national democratic forces and the foreign imperial interests. For example, there is contemporaneously an alliance between some (but by no means all) of the democratic forces in Zimbabwe with imperial Britain. But such an alliance between the Empire and the local democrats is normally suspect, and usually works in the interest of the alleged dictator and to the detriment of the democratic forces. In the case of Iraq, to take an example outside Africa, the so-called democratic forces against Saddam Hussein backed by millions of dollars and state of the art intelligence paraphernalia from the Empire has made not a dent on the career of Hussein (spanning over four US Presidents), and even the Kurds now say that the Western espousal of their cause is not helping them. In the Democratic Republic of the Congo, in 1964, imperial America got rid of the nationalist Patrice Lumumba, and then foisted on to the people of the Congo the military dictatorship of Mobutu Sese Seko, who brought down the country to its present condition of semi-anarchy and hopelessness that the *Economist* is so quick (although 27 years too late) to spot. In Uganda, coming nearer home, when imperial Britain joined forces with certain regionally based democratic forces to get rid of Milton Obote in 1972, it bequeathed to Uganda a military brute by the name of Iddi Amin whom the British supported with small arms shipments (twice a week) for eight years against democratic forces. The latter were driven underground or in exile. An alliance between the Empire and the national democratic forces is an alliance between two asymmetrical forces with more contradictory than complementary interests. In such an alliance the democratic forces usually lose out. This is the recent experience of what happens when democratic forces in Africa make a tactical alliance with the former, or successor, imperial forces.

So What Is behind This Clamour about Corruption and Good Governance?

To dismiss the demands for good governance, transparency, zero tolerance against corruption, the rule of law, the independence of the judiciary, and all these wonderful values – when put in these very general terms — would be both foolish and indeed irresponsible. There is not even an argument here. It should be made into a law not to argue the merits of these values when stated in such general terms. Why? Because it detracts from the more important task of analyzing why certain countries espouse them at certain time and not at other times.

The real question is what is behind this entire clamour at this point in time in relation, for example, to Africa when the whole colonial empire was founded and sustained on horrific and unjust governance, grand corruption, the rule of force, and the surrender of the judiciary to the will of the Empire. How come that yesterday's robbers are now sitting on today's judicial bench? How come that the spoilers of virtue of yesterday have become its paragon today? Speaking before a Nordic audience, used to polite non-confrontational conversation, these words may appear "undiplomatic". But diplomacy has its time and place; so does calling a spade a spade. Of course, it would be foolish of Africa to dismiss the virtues of democracy, etc. But it would be even more foolish to assume that the Empire has changed its colours, more so if it is now draped with the UN flag, or if its "peacekeepers" come in the NATO flagships, or if its aid and debt relief measures come with the Bretton Woods institutions' conditionalities. The empire is not dead; it has simply changed its cloak, and now wears a multilateral as against a purely bilateral shroud. The principal instruments by which the multilateralised imperial order continues to rule over the former colonial order are the World Bank, the IMF and the World Trade Organisation (WTO). Audiences in the Nordic countries may dispute this fact, but then they were not part of that particular colonial order in Africa, and may be excused for not knowing how a neo-colonial order is an extant reality. Besides, at a different, lower, level they too share some of the responsibilities of contemporary multilateralised empire.⁶

This reality of Africa is borne out if we examine the recent history of Africa, which in a short essay can only be done briefly. Up to 1979, the World Bank supported an activist role of African states in state-directed five-year plans. These were not Soviet-initiated Gosplans; they were World Bank-endorsed plans. A summary verdict is that they all failed. In 1979, African governments met in Lagos, Nigeria, to consider the

⁶ See Y. Tandon, *The Moribund Empire and the African Barbarians*, Paper presented at a Conference on Globalization, Third World Forum, Dakar, Senegal, April 2001.

deteriorating situation in Africa. Despite two decades of donor assistance, growth in Africa had more or less stopped, and the social conditions in most countries worsened. African leaders, in this context, considered that the only way left to them was to pull themselves out of their predicament through their own efforts, and that whatever assistance came from outside in the form of donor funds, must be regarded as secondary to these efforts at self-reliance. The leaders set the year 2000 for achieving an 'African Economic Community so as to ensure the economic, social and cultural integration of our continent.' This was the Lagos Plan of Action.

Soon afterwards the World Bank came out with its famous 'Berg Report'. It presented an alternative scenario to the Lagos Plan of Action. Africa, the Berg Report argued, need not despair about aid from outside. More would come provided African governments were to make the necessary economic and policy adjustments. They had neglected the agricultural sector in preference to industries, and this must be rectified. They had provided excessive subsidies to urban dwellers, those must go. They had excessively intervened in the economy; they must give more free space to market forces. They had concentrated far too much on the internal market; they must go for export-led growth. And so on and so forth. It was this Berg Report that first laid the basis for what was to follow, namely, the Structural Adjustment Programmes (SAPs) that have been the bane of African societies since then. The promised 'accelerated development' of Berg and company never came. In the meantime, African governments forgot about the Lagos Plan of Action. One by one they rushed to the World Bank with aid bowls promising to bring about a structural adjustment of their economies. In return for imposing the will of the World Bank on an unwilling and long suffering population, they did get some capital from the donor community, but by the end of 1980s a new problem arose – the debt burden. In 1980 the debt of the sub-Saharan countries constituted 21 per cent of the GNP, by 1988 it had risen to 88 per cent. In 1980, the debt service ratio in relation to exports of goods and services was 9 per cent, by 1988, it had risen to 25 per cent.⁷

In 1983–85, Africa was hit by another drought, more severe than the Sahelian drought of 1968–73. By 1984, twenty African countries had become candidates for emergency food aid. And so, once again in the face of crisis, African governments got together and asked the United Nations to hold a special session of the General Assembly to consider Africa's serious situation. At a Special Session in 1986, the UN adopted the UN Programme of Action for African Economic Recovery and Development, 1986–90 (UNPAAERD). No earth-shaking document, UNPAAERD was a mere salve to the bleeding wounds of Africa.

⁷ See UNCTAD, *Handbook of International Trade and Development Statistics*, 1993.

In 1989, the World Bank, with its ‘accelerated growth’ scenario in ashes, came with yet another document – *Sub-Saharan Africa: From Crisis to Sustainable Growth*.⁸ In it, for the first time, the WB introduced the concept of ‘good governance’, a clear departure from its usual economic inclinations. After setting out for Africa what it called ‘A strategic agenda for the 1990s’, which basically boiled down to measures of structural adjustments, the document went on to say: “None of these measures will go far, nor will much external aid be forthcoming, unless governance in Africa improves. Leaders must become more accountable to their peoples. Transactions must become more transparent, and funds must be seen to be properly administered, with audit reports made public and procurement procedures overhauled.”

That was 1990. Ten years down the line, the situation, if anything, has worsened. The Empire has increased its grip over Africa by a plethora of “conditionalities” that they now attach to their money, and these have disempowered African governments of practically all initiative. All this is within the dual framework of the Structural Adjustment Programme and ‘good governance’. Under debt “relief” measures (such as the Heavily Indebted Poor Countries – HIPC), the “qualified” African countries have been practically recolonized with the Empire micro-managing their economies, as in the case of Mozambique where the Government was forced to reduce tariffs on cashew nuts imports from 20 per cent to 14 per cent thus bringing instant ruin to the local peasant producers as well as processors. All this is done in the name of “adjustment”.⁹

In 1994, at Marrakech, African governments signed the Uruguay Treaty that has now replaced GATT. Very few African leaders had read the document, let alone analysed it, before signing it. In a new thrust of reasserting imperial hegemony, Uruguay essentially seeks to level out the playing fields of trade, investment and intellectual property rights in order to clear the way for petty nationalistic obstacles that appear to be standing in the way of the Transnationals. Whatever had hitherto checked the onslaught of the transnational corporations, the TNCs, in Africa are about to be cleared away, and Africa faces the grim prospect of losing national control over the little that they had built over the last thirty years since most of them got political independence.¹⁰

⁸ World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth, A Long Term Perspective*, 1989.

⁹ World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth, A Long Term Perspective*, 1989.

¹⁰ For a critique of Uruguay in relation to Africa, see: Y. Tandon, “Recolonizing the Subject Peoples” *Alternatives* 19 (1994) pp. 173–183.

BOX 6

The following are the net results of Africa's now nearly four decades of experience with the multilateralized empire:

- Africa is under fresh invasion of foreign capital, and all this talk about “good governance” and corruption is part of the preparatory process.
- The African state has been virtually dismantled and rendered spineless against foreign intrusions.
- The essence of democracy – namely, a broad consensus on how competing ideas and paradigms can be openly discussed by the population – has been systematically undermined in favour of a single-minded, and seriously flawed, programme of action based on the so-called Washington Consensus.
- In the meantime, African people have lost even the little independence they had in respect, for example, of food security, and a modest control over their environment.
- Africans are now dying in their millions, either through illness (AIDS and an increased incidence of new strains of malaria), or sheer deprivation (of food, water and shelter).
- Basic services, including water, are being privatized and put into the hands of multinational corporations, who run these services for profit and not for human needs.
- There is now (beginning 1990s) a profound backlash against SAPs among an increasingly impoverished population. The World Bank and the donors have therefore changed its name to “Poverty Reduction Strategic Programme” (PRSP). It is a telling indictment of the Empire that the goal is no longer eradication of poverty but merely its “reduction”, an impossible goal in any case, given the manner in which Africa continues to be grossly exploited by foreign capital.
- As countervailing power against an already weakened African state, the donors are now propping up the “civil society” and NGOs to monitor government behaviour and to ensure that governments conform to the conditionalities imposed by the BWIs, such as good governance and zero-tolerance to corruption. It is also an impossible goal. NGOs neither have the capacity nor the mandate to carry out a function that, in any case, properly belongs to the state.

Conclusions

The Nordic belief that the basic problem of lack of development in Africa must be laid at the door of absence of democracy, the practice of corruption and poor governance is rather misplaced and indeed fundamentally flawed. To be sure, a transparent, democratic and efficient government are desirable goals in themselves and must be pursued at all cost. But there are at least three problems with the proposition that links good governance with development.

One, the link between these two, in the contemporary period, is interfaced through the expectation that good governance will bring in foreign capital to Africa, and that foreign capital will then help develop Africa. This is an untenable assumption. It is an assumption transposed from the experience of the developed countries to the developing countries. There is no evidence, even, that foreign capital brings technological transfer to Africa, which is one of the main reasons for trying to attract capital to Africa. There is ample evidence to the contrary, namely, that foreign capital comes only to exploit Africa's resources (oil in Angola, uranium in the Congo, for example) whether or not there is good governance or democracy. That democracy and lack of corruption motivate the movement of capital is a false premise in any case. Indeed, there is ample evidence that foreign capital brings in its wake all forms of corruption, and undermines the efforts of the people, the majority of whom are poor, to democratize their polities and economies. This is not to say that foreign capital may not play a useful role in Africa, but what precise role it can play and under what conditions is another debate.

Two, prescriptions of good governance, etc. are made in the context of the present movement of history towards "globalization". Western leaders deliberately, or may be unknowingly, misrepresent the process of globalization to Africans. For example, the British Minister of Development, Clare Short, says: "Globalisation is inherently neither good nor bad. It is simply an acceleration in the movement of information, capital, trade and labour."¹¹ This is like saying, in old times, that colonialism is "neither good nor bad". Indeed, colonialism was sold to Africa in old times as the "white man's burden". Nothing has really changed – in essence, in its fundamentals. Now it is globalization that is being sold to Africans as colonialism was in the last century. The prescriptions about corruption, good governance, etc. must be seen in the context of getting Africa to open up their economies to further penetration of capital from the West.

Three, focus on good governance, etc. is all very well, but it detracts attention from a serious analysis of the real causes of poverty in Africa. The real causes of poverty in Africa are still the same old ones that we have been talking about for the last forty years. These divide into two categories. One is internal and the other external. Externally, this has to do with the unfair returns to Africa's exports, whether these are commodities (oil, tobacco, diamonds, coffee, etc.), or manufactured products (which, normally, have very little added value); and, secondly, the massive net outflow of real value (and now, with debt payments, even monetary values) out of Africa to the developed world. To put the matter on its feet (because it seems to be standing on its head right now), it

¹¹ *Business Day*, Johannesburg, February 12 2001.

is Africa that “aids” the Empire, not the other way round. Transnational corporations do not develop Africa; they bleed it of its resources and impoverish Africa. Internally, this has to do with the fact that most resources within Africa are not owned or controlled by Africans themselves, and the situation gets increasingly worse as one moves further south into the African continent. Thus, for example, in Harare or Johannesburg very little is owned by Africans themselves. The land, the buildings, the banks, the insurance companies, the nearby mines and farms, etc. are all owned by non-Africans. Ironically, insurance companies like the Old Mutual that own vast amounts of real estate in Harare and Johannesburg have purchased these estates out of the savings of workers and civil servants, who have very little to own in these cities. Last year Old Mutual demutualised itself and transferred its primary listing to London. Capital, finally, returns to where it belongs. The savings of workers were never owned by the workers.

How can Africa develop when they do not own their own resources, indeed not even their own meager savings?

BOX 7

This issue of ownership is so central to the whole debate about development that it would be worth considering the following experiment, if this is possible.

Let a hundred black Africans companies from South Africa come to Helsinki and own all the buildings, banks, insurance companies, major manufacturing enterprises including Nokia, and nearby farms and forests. Let the government be in the hands of the Finns (of course), a government that is periodically elected to office by a “democratic” system that is acceptable to the African investors. Let the Finnish population comprise of a majority (and that means about 95per cent of them) that is impoverished for lack of resources and jobs and gradually dying of AIDS and malaria. Then, ask the government to open up the economy to further African investment from South Africa to come and own or control the remaining land, water, forests that may still be in the hands of the Finns, and generally “develop” the Finnish economy. And then ask the Finnish government to be honest, transparent, non-corrupt and democratic.

If this were a possible experiment, it would be a good test of the validity of the above propositions that link good governance with development.

We conclude with two further points. Although this point is not developed in the body of the paper, it is necessary to say that it is not fair, not even good economics, to ask Africa to integrate their economies to the processes of globalization when it is already more integrated into the global economy than any other continent. In 1990 the ratio of extra regional trade to GDP was for Africa 45,6 per cent while it was only

12,8 per cent for Europe, 13,2 per cent for North America, 23,7 per cent for Latin America and 15,2 per cent for Asia.¹² Indeed, it is hypocritical for Europe to advise Africa to further integrate into the global economy at a time when it is developing a regional body of its own (the European Union) that is relatively isolated from the United States. Thus, paradoxically, while the effects of a possible recession in the United States may hit those economies in Africa, Asia and Latin America that are most integrated into the globalized economy, Europe may come out of it relatively protected because it is relatively isolated from the USA.

Finally, the Nordic countries should try and dissociate themselves from the processes by which the world is being restructured, slowly but surely, to make it profitable for the hegemonious Anglo-Saxon capital. The end of this road is not felicitous either for the peoples of Africa or for the peoples of Nordic countries. The Nordic countries have striven hard to create a value-based society that is caring, sensitive, inclusive, and basically egalitarian. It is founded on a delicate balance of class forces, a balance that takes into account the interests of the workers and of the broader society as well as those who own capital. Slowly but surely, this is being eroded by an aggressive, acquisitive, exclusive and rather insensitive “third way” culture that is permeating Europe from across the English channel and the Atlantic. This barbarization of our civilization must be resisted. Does this give a basis for a common agenda between Africa and the Nordic nations? I wonder.

It may sound odd that a person from Africa should give advice to countries from the North. It is usually the other way round: Africa is usually the recipient of prescriptions from the North. But a true global civilization can be built only on the basis of mutuality and reciprocity. It is therefore hoped that the above suggestions on how Africa and the Nordic countries may join efforts to create a more civilized and just world is taken seriously, or at least considered, by those who may agree with the proposition that wisdom and knowledge may not always percolate from the North to the South.

¹² Serge Cordelier, *La mondialisation au delà des mythes*, La Decouverte, Paris 1997, quoted by Samir Amin, “The Political Economy of Africa in the Global System,” paper presented at the World Social Summit for Social Development, June 2000.

Eroding the Ability of the Southern Nation-states to Safeguard their People's Interests¹³

K. Ashok Rao

We should aim for a process of globalization (including technology) where the resources of the world are equitable (not equally) distributed. The present globalization process equals coloniation without physical occupation. K. Ashok Rao suggests that we put people before profit, implement a Tobin tax, restructure third world debt and make the IMF and the World Bank accountable to the very people their programs touch.

The framework for discussing democracy

When the wealth of three persons exceeds the combined Gross Domestic Product (GDP) of 48 nations and the ratio of the richest and poorest fifth of humanity steadily deteriorates from 30:1 in 1960 to 60:1 in 1990 and 74:1 in 1997 then any talk about democracy devoid of the economic content that affects the lives of people is at best motivated by ideology and at worst, shadow boxing indulged in by armchair professional intellectuals.

¹³ While discussing with Risto Isomäki I suggested a title “De-nationalising decision making”. Jaana Airaksinen immediately suggested that a paper with such a title would be dismissed as an attempt at autarky or reassertion of “nationalism”. The perception in the North seem to be quite different from the South. In India the slogan of Azadi Bachao (save independence/freedom) etc. are increasingly becoming political rallying points. Maps have been redrawn throughout history, but the nation state has not and cannot be abolished. A personal example may clarify my position. When I went to the British High Commission for a visa I was told that I would get a British Passport instead. The reason I was entitled to a British Passport was that I was born in Britain to British subjects. My parents were born in the Krishna District in the then Madras Presidency in British colonial India. Before independence, all natives were British subjects. That was globalisation. I was born a global citizen! - courtesy colonisation. I do not wish to die as a global citizen.

BOX 8

The critical issues of democracy in the context of globalisation arise from the following concerns:

- a) The extra-ordinary power of multilateral institutions like WTO, World Bank and IMF to dictate economic policy and legislation to sovereign nation states of the South.
- b) In a world where between 1994 and 1999 the share of Latin America fell from 11 per cent to 5 per cent, African from 8 per cent to 2 per cent and the share of trade of the least developed countries in 199 was only 0.5 per cent asserting in the WTO that every nation has an equal vote and equal stakes is crass dishonesty. What is honest is that all transactions take place in green rooms where the 'big boys' decide. The enforcement mechanism of cross retaliation and trade sanctions and the jurisprudence of the dispute mechanism – 'the global trade court' where a few unaccountable bureaucrats have the power to dictate and punish sovereign nation states – makes WTO a lethal organisation.
- c) The ability of the multinationals corporations (MNCs or TNCs) (working through the Governments of the North) to use multilateral institutions to further their interests.
- d) Complete social and political unaccountability of the bureaucracies of the Multilateral Agencies and the MNCs (considering that 65 to 70 percent of goods and services traded worldwide are controlled by corporate managers who have no social accountability even to the Governments or legislatures of the North).
- e) An almost completely unregulated daily cross border flow of capital around the world to the extent of about USD 1500 billion. (World Development Report 1999) which is mostly speculative in character. The fact that a non descript country like Cayman Island can boast of being the World's fifth largest banking center speaks volumes for the near mafia operation of speculative finance capital. (The governments of the South have no means to control this speculative capital when the governments of the North are either unable or unwilling to even levy a so called 'Tobin-tax'¹⁴ on them).
- f) The pressure of debt and trade imbalance, resulting in the disproportionate power of conditionalities on aid (actually interest bearing loans) and investments made by the North to the nation states of the South. The profit making loans from the World Bank that are passed off as Aid with conditionalities that would have put Sherlock to shame. Like its predecessor, the East India Company that colonised India, the World Bank offers a few million dollars as loan, appoints consultants and seeks and obtains all manner of concessions and restructuring of both industry and law to benefit the enterprises of the North. *"For every tax payer's dollar invested in the World Bank by UK Government, UK companies receive USD 1.85 in procurement contracts to carry out World Bank work. French companies USD 1.82, USA USD 1.80, Germany USD 1.51, Japan 1.01 – source Treasury Secretary Lloyd Bentsen's testimony to the US Congress"*.

¹⁴ Editors' note: a small tax on currency exchange is called a Tobin tax after James Tobin, who introduced the idea in the 1970s.

- g) The extraction of natural resources and dumping of toxic wastes, threatening the environment. But the biggest polluter of all – the United States say “We don’t care, do what you like. For us profits come first”.
- h) Militarisation not just of the planet earth but also of outer space. To Eisenhower’s warning of a Military-Industrial complex must be added the new alliance of a ‘Military- Industrial – Media’ complex. In the age of satellite communications media and information have realised their potential to control societies through the process of what Noam Chomsky called manufacturing consent.

George Soros declares the grand design of capitalism (Crisis of Global Capitalism):

“The capitalist system can be compared to an empire that is more global in its coverage than any previous empire. It is not a territorial empire because it lacks sovereignty and the trappings of sovereignty, indeed the sovereignty of the States that belong to it is the main limitation on its power and influence. It is almost invisible because it does not have any formal structure. Most of its subjects do not even know that they are subjected to it or more correct, they recognise that they are subjected to impersonal and sometimes disruptive forces but they do not understand what these forces are. It has a center and a periphery just like an empire and its center benefits at the expense of the periphery.”

Let me conclude this section by quoting from Samir Amin¹⁵:

“A country’s position in the global hierarchy is defined by its capacity to compete in the world market. Recognizing this truism does not in any way imply sharing the bourgeois economist’s view that this position is achieved as the result of rational measures – the said rationality being assessed by the yardstick of the so-called “objective laws of the market”. On the contrary, I think that this competitiveness is a complete product of many economic, political and social factors. In this unequal fight the centers use what I call their “five monopolies”. These monopolies are:

1. *Technological monopoly*
2. *Financial Control of Worldwide financial markets*
3. *Monopolistic access to the planet’s natural resources*
4. *Media and communication monopolies and*
5. *Monopolies over weapons of mass destruction.”*

¹⁵ see: Capitalism in the Age of Globalisation – the management of contemporary economy – Madhyam Books

The specter of 'colonisation without physical occupation' haunts the ex-colonised countries. The issue of realising the potential of democracy must be discussed in this global context.

The weapons of the crusaders

Finance: In an article 'Globalization of capital and the theory of imperialism' (Social Scientist Vol. 24 No 11–12, Nov.-Dec, 1996) Professor Prabhat Patnaik shows how the dovetailing of global finance with the deindustrialisation of the South not only benefits the producers from the advanced countries but finance capital as well. He observes:

"Finance benefits both on the swings and on the roundabouts. When it flows in, it does so for garnering large speculative gains, in real estates, in stock markets, etc. Since the interest rates offered on foreign exchange deposits in the third world economies (strapped for foreign exchange in a world with adverse terms of trade for their products) are also much higher compared to what prevail internationally, even the meanest rentier who is incapable of making a speculative "kill" still does pretty well by bringing in finance into the third world economy. Now, if this finance is used up to paying for a splurge in imported consumer goods which simultaneously entail a process of deindustrialisation of the domestic economy, then when the time comes for finance to flow out the country is once again strapped for foreign exchange. And then it is forced to adopt a whole series of measures to entice foreign exchange to stay within its shores, measures which include selling off rights over natural resources 'for a song', selling off public sector assets at throw-away prices, making prime land available to rentiers, etc. In short, from the point of view of the recipient country deindustrialisation of the economy is paid for by selling off national assets cheaply to international rentiers, entailing inter alia a process of denationalisation as well. The rentiers do well when finance is flowing in; they do even better when finance threatens to flow out."

Professor Patnaik assess the role of the World Bank and IMF as:

"Suppose a country decides not to enlarge its import bill or liberalise consumer goods imports; suppose a country decides not to privatise its public sector assets; suppose a country which is receiving substantial inflows of foreign finance, decides not to fritter its reserves away in importing luxury consumer goods but to enlarge welfare expenditures or public investment in crucial infrastructural areas on the strength of these reserves, then the Washington institutions, to the extent that country is bound by conditionalities,

enforce them. But even when there are no conditionalities as such, notwithstanding the large accumulated foreign exchange reserves, they start demanding an exchange rate depreciation, on the grounds that such a level of fiscal deficit is unsustainable at the prevailing exchange rate, or that the prevailing rate of inflation demands lowering of the exchange rate. Once they make these demands, speculators start expecting depreciation, and the reserves begin to vanish forcing governments to back down from the autonomous route it had temporarily charted for itself. The role of the Washington institutions extends to enforcing a comprehensive set of measures involving deflation and devaluation upon the primary commodity producing third world economies whose overall objectives is to ensure price-stability in the metropolitan centres which act as the entrepot for global finance. To be sure, large-scale unemployment in these centres which breaks the back of the trade union movement helps in the process, but ensuring that primary commodity producers are not able to jack up their prices is also an essential part of the strategy.”

The total global debt is of the order of USD 2 trillion and most of it in the South. George Soros explains how benign debt is for the mangers of finance capital:

“As a general rule, lenders tend to fare much better in an international debt crisis than debtors. They may have to roll over their loans, extend the dates of maturity, or even grant concessional rates but they do not abandon their claims. Often they can even persuade debtor countries to assume liabilities from commercial banks that would be wiped out (which is what happened in Chile in 1982 and in Mexico in 1994 and it is happening again to a limited event in Korea, Indonesia and Thailand). Of course, the lenders have to set up reserves, but eventually they tend to recover a significant part of the bad debts. Although the debtor countries may not be able to pay off their obligations in full, they will be obliged to pay to the limits of their ability. The burden of doing so will eventually weigh them down for many years to come. This is in sharp contrast with domestic debt crisis in advanced countries in which bankruptcy procedures tend to protect the debtors. (US banks lost a lot of money in the savings and loan crisis of the 1985–1989). The relative immunity of the lenders in the international system creates a dangerous moral hazard. The risks are not large enough to discourage unsound lending practices. This asymmetry is a major source of instability. Every financial crisis is preceded by an unsustainable expansion of credit” Further he states, “today, the ability of the State to provide for the welfare of its citizens has been severely impaired by the ability of capital to escape taxation and onerous employment conditions by moving elsewhere”.

The fact that through globalisation the flow of finance has not benefited the South is evident from the data put forward by Arun Ghosh in the First P.N. Haksar memorial lecture:

- World-wide **capital flows** were much larger proportionately before the first World war than in recent years (export of long term capital from industrialised countries as a percentage of GDP at current prices Year 1870 – 3.8 per cent ; 1913 – 4.9 per cent; 1992 – 2.61 per cent)
- If China is excluded, **net capital inflow** in developing countries, as a percentage of GDP, during 1990 – 98 was 4.22 per cent was significantly lower than in the period 1975–82 when it was 5.45 per cent. If the FDI inflow into China is included, at more than USD 150 billion each year, the total flow of capital amounts to no more than 2.65 per cent of the GDP of the developing countries.
- It is argued that FDI does not create problems of debt servicing in the same way as external loans do, yet FDI has direct foreign exchange costs, as illustrated by the example of Brazil. The foreign exchange repatriation by way of profits and other such payments increased from USD 37 million in 1993 to as much as USD 7 billion in 1998
- The boom in cross border acquisitions and mergers has gone up from USD 342 billion in 1997 to USD 544 billion in 1998. If this is included in the FDI inflow into the developing countries which increased from USD 273 billion in 1997 to USD 460 billion in 1998, it is obvious that a large part of the FDI to the developing countries is in the form of acquisitions and mergers. Therefore, the whole process of the privatisation of the assets of the people of the South becomes a critical part of the arsenal of the crusaders of globalisation.

Privatisation: Any form of privatisation is in fact the private appropriation of public resources. What is being done in the name of privatisation is that enterprises are being sold at throw away prices and national capability is being undermined. In the South the public sector is the only bulwark against the Multinational Corporations (MNCs or TNCs). It is the public sector alone that has the capacity to provide the nation states of the South a degree of self reliance which is an instrument of control over the destiny of their democratic and social aspirations.

The emphasis on privatisation should be seen in the context of the neo-liberal response to the slowing down of profits after the post war boom and the oil price increase of the seventies.

BOX 9

Privatisation is part of a package of policies that are being enforced on the South by the World Bank and the IMF. The other components of the package are:

- Competition through financial and currency deregulation
- Rapid trade and investment liberalisation
- Use of monetary rather than fiscal policy to manage demand especially high interest rates, cuts in taxes to corporations and the high income groups, cuts in public expenditure, replacement of administrative regulation with market mechanism.

The entire emphasis of the World Bank under the structural adjustment loan conditionalities is based on devaluation, trade liberalisation and privatisation. There is no opportunity for the Governments of the nation states of the South to exercise discretion or judgement. They have only one option and that is to obey or be destroyed by the combined power of the World Bank, the controllers of speculative capital and the demotion by the international credit evaluators that will overnight bring a country from AA+ to DD – (or junk bonds) as was done in the case of Thailand in July of 1997 by Moody's and Standard and Poor's.

Devaluation causes prices to go up. Anti inflationary policies are put into action. The most prominent being control on deficit financing. As part of trade liberalisation customs duties are reduced and unless a Government wants to deliberately deindustrialise excise duties and other taxes on local industry has to be reduced correspondingly. On the argument that lower direct taxes motivate better compliance, direct taxes are reduced. Thus with a freeze on money creation there is a collapse in the ability of the State to intervene and the public sector is starved of funds. In a capital starved nation (which is also overpopulated) it is obvious that shortages would be endemic. These are then highlighted as examples of the failure or rather the incurable ills of the public services. The Bretton Wood twins do not advocate privatisation as an alternative form of ownership of industrial or infrastructure enterprises but it is projected as a means of poverty alleviation. Poverty alleviation implies targeting subsidies and programmes, recovery of costs and privatisation of every economic activity including health and education. While prices are dollarised to attract private foreign capital, incomes and wages are localised (and labour market is expected to be made competitive) for the same objective. What is closed over is that, in the South, privatisation has entirely different implications. It means that the path of development with equity is abandoned and democracy takes a back seat.

Below, some of these issues are dealt with briefly:

- Privatisation (means to attract foreign private capital) requires that the legislation and every institution built up by any nation-state in the South must be jettisoned and something similar to what is being installed in the North must be put into position. In this argument the fact that the conditions in the South are radically different from the North is considered irrelevant. An example would illustrate the point. Ashok Jhunjhunwalla has pointed out “Today it cost Rs. 32,000 to install a telephone line in India. Taking 15 per cent as finance cost and 15 per cent as operation, maintenance and obsolescence cost it requires 30 per cent of Rs. 32,000 per year from each line for the operator to break even. **This amount is Rs. 800 per month and less than 2 per cent of the population in India can afford this amount. At current costs and even with cross-subsidy, not more than 3 (Three) per cent could afford telephones.** The cost of installing a telephone in the west is USD 1000 *and 30 per cent of that is USD 25 per month. It can be afforded by about 95 per cent of the population*”
- The Indian private sector depends not merely on the support of public financial institutions for debt but also for equity. The politically powerful industrialists also steal from the Indian banking system through unpaid debts which amount to over Rs. 580,000 million (equal to USD 12.5 Billion). Bimal Jalan (Governor Reserve Bank of India) pointed out that, *“despite the impressive growth of capital markets in India in 1980 the total capital issues raised in 1998–99 were Rs. 26.1 billion of which equity and preference capital was only Rs. 5.04 billion. Capital raised in a whole year (inclusive of debentures) was thus only 1.1 per cent of the assets of the public sector enterprises owned by the Government of India”*. It should be more than obvious that there is no Indian private capital to buy the Indian public sector. The MNCs or TNCs can then take over the assets either directly or through their fronts. That also explains why the World Bank insists on what they call the big ticket privatisation (which implies a garrage sale of the public sector enterprises) being carried out with a great sense of urgency.
- That the World Bank sees dollarisation of prices and exorbitant profits by Multinationals as what earlier colonisers saw as the inevitable *“White man’s burden”* is clearly illustrated in this passage from the World Bank report on power sector reforms in the Philippines: *“The fact that tariffs will increase during a period of rapid supply growth, especially from presumably more efficient and cost effective private sector sources is counter to general expectations of the impact of privatisation. However, the Philippines experience makes clear that developing countries seeking to devolve responsibility to the private sector need to bear initially higher costs for several reasons. To begin with, the Philippines had to offer higher*

returns merely to attract developers foregoing healthy but lesser returns in the comparative safety of their home countries. Then, higher returns continued to be needed as the country sought larger amounts of fresh independent power generation.”

In the context of a discussion of democracy the critical question is, in cases where the commanding heights of the economy are held by foreign capital (multinational corporations) what can be salvaged of national sovereignty?

Some of the other important concerns in the context of democracy are:

- The State has sought to use its resources (including the Public Sector Enterprises) as a means of social engineering (to enable positive discrimination in recruitment and promotion). This will have to be abandoned. Any fond hope of introducing similar conditions on private capital can be forgotten in the context of the Multilateral Agreements on Investments, MAI.
- The State has used the public sector as a means of cross subsidising goods and services. Even in goods used by the elite, like telephones and airlines, it is impossible to increase the usage without cross subsidisation. Also cross subsidisation is the only form of subsidy that the agricultural, rural and urban poor get and without that it is unlikely that they will have access even to food and health care (one can just forget about other goods and services)
- The public sector was being used as a means of satisfying regional aspirations. Large enterprises were deliberately established defying cost benefit calculations to meet these expectations. Even an attempt at balanced regional development is a must to keep plural societies together in a nation state. Dismemberment of nation states as has happened in the erstwhile USSR and the Eastern Europe, largely has been a consequence of the economic paradigm underlying globalisation.
- The public sector has been used as an instrument of policy for controlling speculation, power of cartels (national and international) blackmarketing etc. It has been used as a softer political intervention in the market economy.
- Natural resources are finite and their exploitation cannot be left to the market but must be planned. It is not for nothing that the USA considers the oil in the Middle East as a strategic resource of the United States because the alternative is to deplete the natural resources of the United States. The South has used the public sector enterprises as instruments of policy for the exploitation of natural resources.
- UNCTAD data disproves the argument that the public sector in the developing countries needs to be privatised, because then wealth will be generated and then by trickle down effect poverty will be alleviated.

BOX 10

Average Profitability (1989–90 of Fortune 500 largest non-US companies):

Sector	Public sector in Developing Countries	Private sector Developed Countries
Petroleum Refining	8.5	3.9
Chemicals & Pharmaceuticals	12.0	7.6
Steel & Metal Manufacturing	0.7	4.0
Mining	10.3	7.7
Others	6.4	3.9
Total	7.9	4.5

Export led growth: The largest impact of export led growth would be in the area of Food Security – defined as secure access to adequate and culturally appropriate food. Peasants in nations of the South start moving from food grain production to cash crop production, which is export-led. The globalisers scorn the concept of food security. It is argued that if cash crops are exported successfully then food grains can be imported, therefore there is no problem of food security. Dr. Vandana Shiva has pointed out that:

”From 1960–61 to 1998–99 there has been a shift from staples to cash crops. The area under nutritious grains called ‘course grains’ (because of the rice and wheat bias) has gone down from 45 million hectares to 29.5 million hectares, the area under cotton has increased from 7.6 ha to 9.3m ha, and the area under sugarcane has increased from 2.4 to 4.1m ha. Since the new economic policies were introduced in 1990–91, the area under food grains has declined by – 2.0per cent, area under course grains has declined by – 18per cent, area under non-food cash crops such as cotton and sugarcane have increased by 25per cent and 10per cent respectively. During 1999–2000 – 2000–2001, food production has gone down from 208.9 million tonnes to 196.1 million tonnes, a 12.8per cent decline”.

BOX 11

The Indian farmer is being subject to five structural changes, all of which are against his interests:

- a) Restructuring and privatisation of banking so that rural credit which was based on concessional and priority lending to the farmer would be systematically withdrawn;
- b) Privatisation of electrical power industry, so that the farmer is made to pay the full price of electricity for agriculture which at present is either free or at a concessional rate (there can be no free lunches for the farmers it is argued).
- c) De-regulation of fertiliser prices so that subsidies are withdrawn both in production and transport.
- d) Multilateral agreement on patents that will ensure that the price of seeds will increase dramatically.
- e) Removal of all Qualitative Restrictions (QRs) assumes that the Indian farmer who works in primitive conditions and lives a marginal life, can compete with the well established industrial farming and ranches of the North¹⁶.

The danger of a disaster of genocidal proportions is looming large on the horizon and those who are concerned with democracy must attend to this potentially greatest threat to 2/3rd of humanity.

Another lethal weapon is "competition" that forces nations to restrict development only to those areas which are "competitive". Needless to say, the only place where the North perceives the South to be competitive is in providing a reserve army of (the people of the) poor nations to replace the traditional reserve army of the unemployed at home or in the export of primary produce or natural resources. Nations are encouraged to devalue their currencies, liberalise labour legislation, abolish restrictions on profit repatriation or for that matter any other form of restrictions to have the privilege of being competitive. Let me also quote Susan George:

"The principle of competition scarcely applies to the Transnational Corporations; they prefer to practice what we could call Alliance Capitalism. It is no accident that, depending on the year, two-thirds to three-quarters of all the money labeled 'Foreign Direct Investment' is not devoted to new, job-creating investment but to Mergers and Acquisitions which almost invariably result in job losses.

¹⁶ The dumping of imported, subsidised commodities has resulted in prices of coconut have falling from Rs. 10 per piece to Rs. 2, Coffee prices have collapsed from Rs. 68/kg to Rs. 26/4, pepper prices have fallen from Rs. 19055/Quintal to Rs. 10550/Quintal. Kerala farmers have suffered major plantation crops such as coconut, rubber, pepper, arecanut, coffee, tea and cardamom.

Because competition is always a virtue, its results cannot be bad. For the neo-liberal, the market is so wise and so good that like God, the Invisible Hand can bring good out of apparent evil. Thus Thatcher once said in a speech: 'It is our job to glory in inequality and see that talents and abilities are given vent and expression for the benefit of us all.' In other words, don't worry about those who might be left behind in the competitive struggle. People are unequal by nature, but this is good because the contributions of the well born, the best educated, the toughest, will eventually benefit everyone. Nothing in particular is owed to the weak, the poorly educated, what happens to them is their own fault, never the fault of society. If the competitive system is 'given vent' as Margaret Thatcher says, society will be the better for it. Unfortunately, the history of the past twenty years teaches us that exactly the opposite is the case."

The income of the producers in the South is appropriated by the rentier economies of the North through a network of wholesalers, distributors, retailers as well as through transfers that go under the garb of research and development (R&D) and royalties etc. A shirt produced in Bangladesh sells at 20 times its cost in the North and Coffee at 10 times. Potatoes which would be available in the retail market for Rs. 7 to 9 per kg (depending on the quality) are sold in India by a Multinational as precooked finger chips, ready to be deep fried at Rs. 120/kg! At least in the former example there is the cost of freight and insurance in bringing the products from the South to the North. In the latter case it is just the cost of investment and marketing know how!

In this day and age of satellite communications, with global television networks providing services based not merely on skill and quality of service, but also on an ability to invest capital in high speed communications, advertising and marketing. This form of capital intensity gives a great advantage to the MNCs against a supplier from the South. The MNCs' ability to cross-subsidise sales in one country from its excess profits is another form of unfair competition to the domestic producers of the South. Therefore even culture has become a capital intensive product.

The major competitive advantage that the South has is in the services that it can provide through the natural person. This could range from barbers to computer programmers. The countries of the South are expected to give complete and unfettered access to capital (with MAI giving almost a sovereign status to the investor providing for a corporation to sue the governments of nation states for formulating policy or legislation detrimental to their profits) under GATS. At the same time, the most humiliating set of immigration rules are laid down for natural persons.

Data shows that the development of technology has all through history been promoted by the State motivated by concerns of war. Even in the nineties in all the major nations of the North (including the USA) the State made large scale interventions for the promotion of information technology and biotechnologies (and what are loosely

called the new economy) while, at the same time the nations of the South are advised or compelled to ensure that the State withdraws from all sectors including education and R&D. Technology is location and culture specific. Getting access to location specific application of a technology is a critical need for the multinationals to expand their markets, which can only happen when the State withdraws.

Cut subsidies and rein in fiscal deficit

It is argued that subsidies and fiscal deficit are implicitly bad irrespective of their context and or purpose. The advanced argument is that subsidies cause market distortion thereby causing inefficiency and hampering growth and fiscal deficit invariably causes inflation. And removal of the subsidies would automatically imply availability of additional resources which the market will deploy efficiently. Growth and development will follow and as a consequence poverty will be alleviated. This is indeed a logic that a money lender would enforce over a debtor. When a vast majority of the people are impoverished and there are no means of access to even factors of production and when there is a limitation of investable surplus and public investment stimulates industry subsidies and fiscal deficit cannot by definition be evil nor can their removal imply additional resources for deployment by the market. If the farmer cannot buy fertilizer or pump water and cannot therefore sow a crop he can have no value for the market since he would have no purchasing capacity. That the World Bank economists ignore all this, in a country where farmers and weavers are committing suicide for reasons associated with economic hardship, shows their unfettered commitment to their well paid jobs. What is most dishonest about these economists, who are mostly trained in the west, is that they gloss over the fact that the OECD governments subsidize agriculture through a variety of price and non-price measures which, in 1995, amounted to USD 335 billion which equals USD16,000 per full time farmer. The subsidies are wide spread and extend to almost all areas. For example, the annual subsidy on energy, in the OECD countries, amount to USD 70 to 80; the subsidies on road transport in USA, Germany and Japan range from USD85 billion to USD 200 billion annually.¹⁷

¹⁷ Perverse incentives: subsidizing unsustainable development A.P.G. de Moor, Institute of Research on Public Expenditure

What does "a human face" mean?

It is obvious that the structural adjustment loan conditionalities and multilateral agreements like GATS, TRIPS, MAI etc. would require that all societies must be shaped, moulded and evaluated by a single criterion – to enhance the wealth of the powerful corporations and their local fronts in various countries. In other words, it means that the welfare of the entire human race depends on how well all societal processes adjust themselves to enhancing and optimising the welfare and well being of the shareholders of the large corporations of the world – their collaborators and fronts.

Once again I summon George Soros to provide credibility to my arguments. Soros writes:

“There is a widespread belief that capitalism is somehow associated with democracy in politics. It is a historical fact that the countries that constitute the center of the global system are democratic but the same is not true of all the capitalist countries that lie on the periphery. In fact, many claim that some kind of dictatorship is needed to get economic development going. Economic development requires the accumulation of capital and that, in turn, requires low wages and high savings rates. This is more easily accomplished under an autocratic government that is capable of imposing its will on the people than a democratic one that is responsive to the wishes of the electorate “

That is why there is talk of adjustment with a human face. What does this mean? It means that since, by definition, the majority has to be reshaped into achieving a single objective – that of optimising the well being of a minority the space for dissent increases. The problem then becomes one of managing dissent. How can dissent be kept within limits and the dissenters be co-opted, or marginalised?

The use of terms like "human rights" as instruments of ideology (for example, only the people of the South, particularly the Kurds in Iraq and the Chinese are seen as the victims of human rights abuse). In any case, what greater denial of human rights and social justice can there be than that a majority of the human beings are living on the verge of starvation and in misery side by side with extravagance and a vulgar display of wealth? That this is the case when the humankind has the means and the technology to eliminate poverty and wretchedness is more distressing for those who are associated with democratic movements.

The argument that any alternative to globalisation must ensure that it does not include "violence" (Did Ho Chi Minh declare war on the United States, or did the democratically elected Allende government of Chile indulge in violence against the copper companies?). Actually it is not violence that is of major concern. There is an ideological offensive against any form of revolutionary changes.

Therefore, to manipulate the term 'democracy' and make it an alternative to globalisation is a part of the neo-liberal offensive on the political front. In that process a whole lexicon has evolved, such as 'civil society' as distinct from elected legislative bodies which then do not represent the people who have elected them, and to whom they should be accountable. And at this workshop I come across terms like 'ecological democracy', 'economic democracy', 'social democracy', 'cultural democracy' which selectively substitute for political democracy. In his National Day speech on 28.7.1976 Morales Bermudez justified the absence of elections in the "social democracy of full participation" by stating that "the Revolutionary Government of the Armed Forces does not have to cheat the country in order to get votes"¹⁸. For decades the United States has practiced "dictatorial democracy" (read Noam Chomsky to understand what that implies).

The other techniques adopted to keeping dissent within manageable limits are:

- Emphasis on diluting the role of the Government largely in favour of the Non Governmental Organisations (NGO), which in the South are under the financial support and tutelage of the agencies located in the capitalist countries of the North. Ensuring that concerns of social welfare like child care, gender issues, poverty etc. must be managed by foreign funded NGOs and not the democratically elected Governments. (The proposal to privatise the Anganwadi – integrated child development schemes – in India is a pointer to this). In Bangladesh, the total inflow of foreign exchange to the NGOs exceeds the official aid received by the Government.
- Marginalise those that cannot contribute to profits in any meaningful way, like the tribals, indigenous people and those below the poverty line whether they are in the South or USA. Provide survival kits to the what are called the BPL (below poverty line) population.
- Marginalise the Trade unions. An argument that is advanced is that particularly in the South, only a very small percentage of the working people in the organised sector (maybe two or three percent of the population) constitute a labour aristocracy. A vast majority in the agriculture, fisheries, forests, small business etc. (95 percent) are outside the reach of the Trade Union. Therefore it is the NGOs and the "civil society" that represent the interest of the working class

¹⁸ Quoted in Teivainen, Teivo: Enter the Economic, Exit the Political. Zed Books: London and New York, 2001.

and not the trade unions. It is also argued that trade unions in fact represents a “labour aristocracy” and this minority imposes a undemocratic influence on decision making. What is lost in this argument is that only 2 to 3 percent of the population in the South have even heard of the Stockmarket and the speculators exercise a disproportionate influence on decision making.

- Control the media to exercise censorship and what Noam Chomsky calls manufacturing consent. It should be pointed out that dissenters are projected as violent anarchists. It is not surprising that whether it is Seattle, Prague or Gothenberg only the violence is reported and not the parallel conferences, discussions and resolutions that emerge from these venues.

The available paths:

- Delink from the capitalist controlled global economy, risk autarky and struggle against sanctions. Seek and exploit the middle space available through inter-imperialist contradictions. This is the path chosen by Cuba.
- Implement both the structural adjustment package, WTO agreement and continue with a soft state and populist politics, thereby falling between two stools, only to pay a very heavy social price at a later date. A path chosen by India.
- Just disintegrate into irrelevant and inconsequential states in transition, that can be manipulated. A path chosen by the former Soviet Union and East European countries.
- Be thrust with an authoritarian regime and repression. Receive handsome payoffs and handouts from the United States of America. A path thrust on the people from time to time particularly in Latin America and Africa.

There is little doubt that people have to chose the option of delinking even as their elite pursue 'globalisation'. This does not mean that autarky is advocated. This does not mean some form of economic 'Talibanisation'. It means globalisation (including technology) where the resources of the world are equitably (not equally) distributed.

BOX 12

The agenda to achieve a globalization with equitably distributed resources is quite clear:

1. Place people, not profits, at the center of globalisation.
2. Make food security and not markets the basis of the inherent right to life.
3. Make health care and not monopoly profits from patents the basis of human well being.
4. Make biodiversity the basis for maximising the welfare of the people who own the diversity and do not substitute it with either monoculture or biopiracy.
5. Make local investment more productive than transnational capital.
6. Tax speculative capital to discourage if not eliminate speculation that mop up the savings of the poor.
7. Ensure that public services are efficiently run within the public sector so that even the marginalised and disadvantaged get access to at least some limited goods and services.
8. Eliminate or restructure the debt of the South, not as charity, but as compensation for centuries of colonial exploitation (and later unfair terms of trade).
9. Make World Bank and IMF accountable to the people they seek to "restructure" and not just to the corporations that gain from the restructuring.
10. Pay for your pollution and disproportionate consumption of natural resources.

We demand a globalisation that accepts this agenda and reject the unsustainable, exploitative and destructive globalisation that finance capital and the multinational corporations are pushing, with the active support and collaboration of the elite of the South.

Vasudhaiva Kutumbakam: A New Alliance for Democracy in the Era of Globalization¹⁹

Vijay Pratap

A 'comprehensive democracy', which strives to redefine all basic relationships covers five areas, namely ecological democracy, social democracy, cultural democracy, political democracy and economic democracy.

The Premises

Democracy and Globalization: I have been trained in the Indian Socialist tradition. Our movement used the self-description of a revolutionary socialist movement. The term used was simply socialist, not 'democratic socialist', the assumption being that there can be no socialism without democracy. Therefore, the commitment to democracy is the central mooring for any of the actions or ideas we are committed to. Conventionally, use of the word 'democracy' has only referred to the nature of various instrumentalities of the state such as separation of powers of the various wings – Judiciary, Executive & Legislature; sources and mode of legitimacy of the state; relations of the state with the people through parties and elections. However, democracy is not merely defined as a system of governance in which legitimacy is derived through the electoral process and political parties. The praxis of 'new' social movements embodies a much deeper and comprehensive meaning of democracy than what is understood and practised by mainstream political leaders. We need to explicate the content of our concept of democracy. There is a long road ahead before the totality of humankind is able to realize the goals of comprehensive democracy. Yet, dreaming is the first step to making our lives more wholesome and meaningful. And democracy is a dream of wholesomeness, since it regards each individual intrinsically worthy, and that will make life as well as death more beautiful.

¹⁹ This article would not have been what it is without the inputs of B.K.Roy Burman, D.L.Sheth, Devinder Sharma, Arun Kumar (Economist), Arun Kumar (Pani Baba), Arun Singh, Rajni Bakshi, Risto Isomäki, Thomas Wallgren, Jaana Airaksinen, Meri Koivusalo, Ajit Jha, Outi Hakkarinen, R.N.Mehrotra, Anil Bhattarai, Vagish Jha, Raman Nanda, Manvi Priya. Last but not the least, without the singular commitment of Kusum Lata and Suraj Deo Singh to assist me in fulfilling my diverse responsibilities I would not have been able to finish this note.

We are living in an age of unprecedented revolutions. The world is at the edge of yet another series of transformations as the past century has generated an unprecedented explosion of human energies devoted to redefining the various dimensions of human life. Never before in the history of humankind have such a large proportion of human beings worked for *swaraj* self-rule²⁰. The idea of self-rule is not restricted to the political aspect of human life i.e. the issues related to governance only, but to all life-issues in as comprehensive a manner as possible.

It is a 'comprehensive' democratic revolution in the making as humankind is striving to redefine all the basic relationships such as (1) the relationship between nature and human beings, (2) the dynamic of 'the individual' and 'the community', (3) the dynamic of 'the self' and 'the other', (4) the relationship of individuals and various types and levels of collectivities with governance structures, and (5) the relationship of individuals and collectivities with the market. These represent the different arenas of human life, and the striving for democratic relationships within them can be respectively termed *ecological democracy*, *social democracy*, *cultural democracy*, *political democracy* and *economic democracy*.

No single ideology or region can be identified as the vanguard in terms of striving for the above five dimensions of democracy simultaneously. Issues of self-rule related to nature-human being dynamic have given rise to green parties, groups, movements and intellectuals all over the world. These green movements are proliferating even in those parts of the world where, according to the conventional development indices, standards of material life are very high. In the societies of material affluence there is an attempt to recover the 'green consciousness' and to address the challenges of ecological degradation. In the majority countries movement groups are engaged in defensive action of saving the livelihood support systems, along with revitalizing of ecological and cultural sensibility. Since these energies aim at greater participation of local communities in deciding the nature-human dynamic, we could call it an age of striving for Ecological Democracy.

Similarly, there is phenomenal human energy on this earth trying to redefine the individual-community dynamic. Issues of dignity are on the central agenda of many human rights, gender, anti-caste and anti-apartheid groups. There is almost a global churning for redefining social relationships, what we could term as Social Democracy. The response to the Conference Against Racism held in Durban is an indicator of the revolutionary energies I am talking about. The women's movement now has a gender perspective on all issues, it is no longer just a women's rights movement. From this stand-point this is an age of strivings for Social Democracy.

²⁰ This is the meaning of 'swaraj' ('swa'-raj'=self+rule) a term commonly used by the Gandhi inspired movements in India.

If we analyze the dynamic of 'self' with 'the other' i.e. an entire set of issues discussed under the broad rubric called 'Culture', we shall realize that the human activity on this front – the explosion of new ideas and ideological confrontations, both violent and non-violent – is also of an unprecedented kind. Critiques of 'modernity' and the culture of industrialized societies, attempts at revitalizing indigenous knowledge systems and the loosening of controls of orthodoxy are part of the varied strivings. After the majority states were liberated from colonial rule, they acquired greater control over their economies and standard of living started rising, even though very slowly for some. However, natural resource based economies of indigenous peoples, small and marginal farmers in the societies of the majority states are now in search for dignified ways of earning their livelihood, through a dual search and striving. One is to emulate (and even blindly imitate) the rich and prosperous North. The other is to recover their own knowledge systems in agriculture, medicine, food, water management, and so on. Both represent the pervasive desire for a democratic order in economic life.

The anti-colonial struggles in the majority nations have constructed new political identities. A desire for self-rule is pervasive and people are questioning the grafted colonial instrumentalities in their attempts to re-examine and redefine them. Sometimes there is regression, as the entrenched elite imposes some form of authoritarianism. Fortunately participation of people in the political institutions has acquired a tremendous legitimacy. This explains why many dictators have had to undertake a legitimization exercise through some form of election, how so ever partial or imperfect.

The imperative of democratic revolution requires that we recognize and relate to the positive dimension of these energies and contribute our mite in their coalescing into a definable worldview and a dream for the future. This is our vision of a universal humanistic globalization.

Social Costs of Globalization: However, what we witness today is the culmination of exactly the opposite – a hegemonic globalization that can only be viewed as a satanic force.²¹

²¹ The central characteristic of this globalisation which makes it satanic is that it has created an ideological ethos in which humankind has stopped taking its ideas on practical issues of bread and butter, its ideals and dreams seriously. Irrespective of their original location in the rainbow of democratic ideologies, the political parties in India have not even discussed the WTO issue properly (The Hindu, Editorial, 30 May 2001). We all seem to make auto suggestions that There Is No Alternative to globalization (the TINA syndrome). What Gandhi had called 'satanic dimensions of modern industrialization' is now being projected as a global consensus. This satan portrays itself as the "American Consumer Paradise" to a significant section of aspiring humanity and its leaders. Everyone in Europe, from Conservatives to Greens, is pursuing the globalization policies as if the 'American Consumer Paradise' is an achievable state of Bliss and Absolute Freedom and not a mirage for the majority of people on earth.

In South Asia, the social costs of economic globalization and the neoliberal policies related to it has already been very high – and could become still worse. From independence until the beginning of the 1990's, infant and maternal mortality in India were in a slow but continuous and steady decline. During the first fifty years of independence infant mortality rates were cut by more than one half, and there was a notable increase in the average life expectancy of the people. During the first half of the 1990's the decline in infant mortality slowed down and stopped and, according to the latest government surveys, it started to rise again in 1996–98. As Imrana Qadeer (Qadeer, 2001) has remarked, this is probably not going to be a temporary flip in the graph but a writing on the wall, a clear danger sign of things to come if the present policies are not reversed.

The beginning of deterioration of the health care system – and the partial collapse of rural health care – is one of the reasons for the worsening health situation. This is not, however, the main factor. The invasion by foreign companies, modern technologies and neoliberal policies has wiped out local cottage and artisan industries on a large scale throughout the 1990's. This has reduced the employment opportunities available to the people, and forced a large part of the rural people to subsist on income received from agricultural labour alone. The dalits (ex-untouchable casts) in India will be the hardest hit. For one they form a dominant part of the landless laborers. Secondly, there was a slow but steady and welcome process of elite formation among them through reservations in government jobs. Now due to privatization recruitment in government jobs has become negligible. This will slow down the process of dalit mobility since the private sector has no commitment to social justice. Thirdly, the retreat of the state from the social sector will affect these sections the most.

The landless or near-landless agricultural laborers have been hit especially badly by globalization, but the land-owning farmers have also suffered. Indian farmers are more indebted than ever before. The proposed liberalization of the land market – which would abolish the existing land reform legislation and the rules putting a ceiling to the amount of land that can be owned by any single individual – is likely to make the situation still worse. The situation will be further aggravated if the new round of negotiations in the WTO leads to more extensive liberalization of agricultural trade. Farmers in the North represent around 2 percent of the population while worldwide their proportion is around 50 percent. Yet, eventually this 0.5 percent of the world population is the one designing global rules in agriculture through the northern states. (For more details see Devendra Sharma, 2000). Without quantitative import restrictions and import taxes the Indian farmers will not be able to compete with their heavily subsidized American counterparts. Suicides by farmers in several Indian states as a consequence of indebtedness has highlighted their severe plight. The mere dairy sector provides a major part of the livelihoods of 90 million rural people. If India is flooded

with cheap milk products and cheap food grains from the European Union, Australia, New Zealand and the USA, the situation in many rural areas could become explosive.

At the same time the forest laws are also being liberalized. Thus far the legislation has, at least to an extent, been able to protect the rights and livelihoods of the 80 million people belonging to the indigenous peoples of India, the Adivasi. Existing legislation has protected the forests the Adivasis depend on, and has at least in theory forbidden the forestry and mining companies to enter the Adivasi lands without their consent. It has also guaranteed the Adivasis the right of a number of different minor forest products that are of major importance to their livelihood. These laws are also on their way to being replaced by more liberal and market-oriented policies. In Nepal the legislative measures which formed the basis of the country's successful community forest programmes are being reversed because of the pressures from the World Bank.

The dynamics of this globalisation at the level of the 'first world' have been discussed by Franck Amalrick in a report to Society for International Development, Rome as follows: "One dynamic springs from the structural problem of over-capacity of production, which leads private actors to seek political solutions to their economic predicament. The other dynamic is the use of state power to "externalise" the problem onto other countries in the absence of strong democratic deliberation".

The present form of globalization is full of deceit. The trinity of globalization, the World Bank/the International Monetary Fund/the World Trade Organization insists upon free play to market forces by removing all state controls and subsidies in favor of the 'consumers' of goods and services, but it does not mind the market using the state to subsidise itself. The case of Enron (Dabhol Power Corporation) in India is illustrative (Arun Kumar, 2001) Enron produces electricity more inefficiently than our 'inefficient, corrupt' provincial electricity undertakings, that is it does so at a much higher cost per unit. Then, when it is unable to sell its produce and rake in the requisite returns on its investment, instead of folding up, the Enron company demands taxpayer's money to be paid by the provincial/central government, invoking the counter-guarantee clauses of the initial agreement! Should not 'the trinity' insist on the same free market principles with Enron? Why should it be subsidized by the state for its 'inefficiency'? The same trinity also talks about reducing the role of the state in economic matters. When our provincial governments express their reluctance to subsidize Enron, the representative of the American state in India gives a veiled threat that Foreign Direct Investment will not come to India if we do not continue to subsidize Enron! Enrons of the world along with their fellow traveler political elite, often talk about transparency and accountability in governance and corruption-free economic transactions. Yet Enron got its contract by 'legitimately' paying thousands of dollars of corruption money in the name of 'public education'. What could be more deceitful than this? Even with this 'education fees' the agreement was not signed by a regular government but was

signed on the last day of a 13-day government which was on its way out for want of adequate support in the lower house of Parliament.

The process of economic globalization has created new and serious challenges for the democratic decision-making processes in every part of the world. The transfer of decision-making power into the hands of transnational institutions like the WTO, the IMF and the WB, has severely reduced the sovereignty of the national governments, and resulted in a very serious drift, undermining the whole party political system, especially the accountability of the governments, to their own people. As shown by Franck Amalrick's study:

“Influencing national institutions and policies becomes openly one objective of development co-operation policies.... The WB and IMF intervene at the national level under the banners of ‘sound macroeconomic policies’ and ‘good governance’ – technical banners that fit well the technical nature of these organizations — while bilateral donors intervene under the banners of ‘democracy’ and ‘partnership’. This trend is particularly visible in the European Union’s policies: it is at the core of the Euro-Mediterranean partnership agreement with countries around the Mediterranean Sea, of the Partnership Agreement with ACP countries, and of the accession procedures that Eastern European countries must follow in order to join the Union.”

In the present situation it does not really matter so much what kind of party or coalition of parties has been in power. Subsequent government coalitions have been forced to continue implementing roughly similar neoliberal policies, including privatization, the liberalization of trade and investment policies and the reduction of subsidies.

In India, the Congress Party initiated neoliberal structural adjustment (SAP) policies when it was in government in 1991 and now, when it is in the opposition, has started to speak against its own policies of privatization and liberalization. Similarly, the Bhartiya Janta Party used strong anti-globalization rhetoric and spoke about Swadeshi and boycott against foreign transnational corporations when it was campaigning against the Congress government and later the ‘Third Force’ government which had the Congress Party supporting at from outside. As the leading party of the present coalition government, BJP has been more neoliberal and more pro-globalization than the Congress ever was, which has created a kind of crisis of credibility for the mainstream political parties.

One finds the same situation in Finland. I am pained to see this kind of defeat of democratic dreams. If a society of 5.5 million people with so much of natural resources, commitment to humanistic values and human talent is unable to withstand the neoliberal pressures of transnational corporations (TNCs) then what will happen to countries like India with one-third billion below minimalist subsistence level? Since

the Nordic countries undertook the transition from peasant pre-modern to industrial modern societies they developed social security systems to smoothen the process so that it kept the 'satanic' features of industrial society in check at least within the region. No monstrous disparities were allowed to creep in, marginalisation and hardships were sought to be kept in check by high taxation and a sound welfare state. The decision making and governance was reasonably participatory and transparent unlike the new structures created by EU where new laws are proposed by a small group of people, national parliaments endorse them without adequate debate and without space for listening to voices of disagreement.

This, itself, has amounted to a crisis in democratic decision-making because in most countries the neo-liberal reforms have been implemented against the will of the majority of the voters. Second, the crisis of democracy has been aggravated, in a very important way, by the problem of corruption. According to a leading World Bank official corruption has increased geometrically during the last decade, and there has been at least a ten-fold rise in corruption during the 1990s. For instance the privatization of public-owned companies and public services and the entry of the transnational corporations to the national markets have created ample opportunities for corruption and misuse of public offices. For us in the South, if the Northern counterparts in civil society insulate us from the North-driven corruption (as illustrated by the case of Enron above), we will be able to fight both corruption and communalism domestically²². Corruption was a major problem in South Asia even before the present era of globalization, but the deterioration of the moral and ethical basis of political and professional life has proceeded very fast after it.

How can all these problems be addressed? How can the positive energies be synenergised to forge a humanist-universalistic globalization for an effective democratization of human society at all levels?

Pursuing the Democratic Dream: The Vasudhaiva Kutumbakam Initiative

People in South Asia have long cherished values which, in modern times, are best expressed under the rubric of 'universalism' and various dimensions of 'democracy'. Before the colonial interventions of the West, even where there were rulers of foreign

²² For a more detailed argument see my paper 'Corruption and Communalism: The Twin Anti-Democratic Phenomena of Indian Polity'.

origin, the participatory mode of governance from the grass roots to the top, devolution of political power at all levels and cultural plurality were hallmarks of our socio-political system.

We had our own failings such as the obnoxious practice of untouchability or the fact that communitarian principles manifested through the caste system degenerated into hierarchical fundamentalism. But despite all kinds of failings, the sense of “Vasudhaiva Kutumbkam” (a Sanskrit concept meaning “The World is a Family”) has been part of our cultural sensibility since time immemorial. That is why our socio-cultural diversity is a source of strength and in fact the primary defining force behind our unbroken identity. There have of course, been brief phases of ideological or identity polarizations. But soon after, the pluralist perspective prevails. The basic premise of this world-view is that no sect, religion, ideological group, class, socio-political formation, the state or ‘church’ can claim a monopoly of the truth. All truths have to start with the small letter ‘t’ and, depending upon the vantage point, are able to capture only some aspects of the Truth and not the Truth as a whole.

Threats to Democracy: All epochal transformative moments in history are pregnant with both the possibilities – a new dawn or an era of darkness. What are the forces of darkness at this juncture? ²³

Globally, an elusive ‘Consumer Paradise’ is being promised through the electronic media and now through the internet financed by interested stake-holders without any consideration for issues of economic equity, ecological sensitivity, cultural plurality or dignity of the oppressed. All over the globe one finds a kind of mad rush for this globalism. Values of austerity, larger good, rights of future generations over our natural and other resources and keeping the interests and perspectives of oppressed communities in mind while justifiably asserting individual autonomy, are considered obsolete. This is resulting in fragmentation and polarisation of human collectivities. Extreme

²³ <http://alfa.nic.in/rb/welcome.htm> In the name of globalisation there is a desire to make this world unipolar. The President of India rightly warned against this tendency while addressing the international conference on ‘The Evaluation and Interaction of Technology, Economy, Polity and Society’ on November 19, 1999 “The present tendency of globalisation is something which argues against basic identities, the identities of groups and now even of nations is considered to be illogical and outdated in a globalised world. I do not think this is a constructive development. Much of human culture is associated with group experiences embodied often in the national experience of peoples. If globalisation is considered as overleaping nationalism, then much of the valuable experiences of mankind and its culture would be superseded by this phenomenon called globalisation. Therefore it is essential, while the world is moving towards a one world and we are certainly globalising, the rich cultural characteristics and intellectual contributions made by particular communities, nations and groups should be preserved rather than destroyed by the phenomenon of globalisation.”

individuation and atomisation is resulting in a backlash of identity assertion. This backlash is to be clearly distinguished from the genuine assertions of autonomy of cultural self-definition, issues of ethnic identity or social dignity.

Socio-political forces whose world-views and dreams are anchored in a doctored view of history (such as Huntington's view on "Clash of Civilisations") are becoming victims of the prevailing social pathology of a 'mad-race syndrome'. These forces, whose social base normally is of the sections/formations who believe that they are engaged in a survival struggle, have the perception of a crisis in which normal normative principles are considered as impediments, a distinction between conservatism and orthodoxy is lost, moderation is not seen as a democratic trait.

The mainstream electoral leadership of these 'victim' forces and organizations objectively end-up as most amoral and undemocratic forces. They also damage their societies in a very deep and decisive way. The ability of such organizations to learn from negative historical experiences of one's own society or from societies elsewhere declines considerably. Globally, the most important challenge of our times is to respond to this threat from various kinds of fundamentalism. As mentioned earlier, expansion and deepening of democracy with a comprehensive view, is the only antidote against all kinds of fundamentalism; democracy viewed as a perpetual process of mediation between diverse human tendencies and needs.²⁴

So far, the most important political framework for negotiating a society incorporating universalistic-humanistic values is political democracy.

The Democratic Agenda: In a phase of phenomenal upsurge of democratic aspirations, new norms have to be agreed upon through a process of participatory dialogues even with the adversary at various levels of human collectivities (let us say, two neighbouring Nation States who are at logger-heads with each other or two ideological adversaries in a single Nation State or between and within communities and families). One has to recognise the complementarity of each other's 'truth' and consciously avoid being

²⁴ Prof. D.L.Sheth, Chairperson of Vasudhaiva Kutumbakam group-India, insists that it is very degrading to define human beings as entities with material wants only. They have moral, spiritual and cultural orientations as well. Commenting on an earlier draft of the Vasudhaiva Kutumbakam statement Prof. B.K.Roy Burman, a leading Indian anthropologist, had the following said: – "My understanding of anthropology impels me to accept the basically social nature of human nature. I draw upon Chomsky that urge for communication is a conditioned fact of the hominid existence. I also draw upon Lamarck and Chomsky that it is this urge that triggers organic adaptation, making articulate speech and symbolic communication, as a species attribute of Homo sapiens" [...] Democracy is the other name of practice of companionate value oriented culture, it is a process in non-stop dialectical relationship with antinomous culture. Commitment to responsible democracy is commitment to the processual dimension and not to any pre-fabricated structure."

judgmental regarding the other's viewpoint. The critical evaluation of other viewpoints has to be in an idiom which encourages moderation.²⁵

In discussions that have taken place in various national and international forums, people have started to develop ideas about building a global network of individuals and organizations sharing similar values and goals. Such an initiative could also be seen as an effort to engage the international civil society in organizing global or regional dialogue processes about a number of issues that are, at this juncture, of crucial importance.

The five basic dimensions of human life discussed above could form the thematic perspective for an international network on democracy. It is, admittedly, somewhat uncomfortable to discuss democracy – which, as a process of constructive self-engagement of humanity, should be indivisible – in such small bits and shreds. However, if the complexity of what is called democracy is approached through the five above mentioned dimensions, this should bring forward a wider and richer spectrum of problems and possibilities. One possible articulation of these dimensions as thematic perspectives is suggested below:

I Empowerment of the *Daridranarayan*, the 'Last Person' (Economic Democracy)

All the greatest teachers of humankind including Gandhi, Muhammad, Christ and the Buddha, have emphasized the importance of empowerment of the weakest and the poorest of society. In spite of the fact that many people probably consider such a concept either patronizing, elitist or naive, perhaps the most important single test for any kind of democracy is whether it works so that it can protect the needs and rights of the poorest, most oppressed and least influential people in the society. What this means in each society and in each historical period will differ – because poverty and

²⁵ As analysed by Azfar Aziz in the Daily Star (from Dhaka dated Wednesday 9th Feb. 2000): "It is high time for the idealists to realise that it is all right for them to speculate about the nature of truth as long as they don't impose their beliefs on others. That what exists is real and reality is the lonely truth; all philosophies and ideologies are mere interpretations of it and no single interpretation is good forever. That it is absolutely lunatic to try to distort reality into the scope of a certain ideal, for reality is infinite and ideals are finite. That there are as many interpretations of reality as many individual beings. So it would be better for them to adopt an inductive process in decision making rather than their previous deductive one. That they have to look for and find our common grounds and agreements with their fellow citizens and make them the basis of their strategies and action plans."

deprivation will be created and regenerated over and over again through widely varied means – but the issue or goal is clear and remains the same. One of the main problems is how to relate to the needs and concerns of the *Daridranarayan* in a way that is empowering and not patronizing.

With the *Daridranarayan* at the center of all thinking, all issues concerning transactions of goods and services, mode and relations of production, and technological choices, have always been part of human engagement. All such issues can be considered as the economic dimension of democracy, called ‘economic democracy’ for convenience.

II Ecological Regeneration and People’s Control Over Natural Resources (Ecological Democracy)

Environmental degradation – pollution of air, water and soil, loss of species and biodiversity, destruction of the ozone layer, destabilization of the climate, loss of tree and vegetative cover, soil erosion and desertification – is one of the most serious issues of our times. It should be a high priority for the movement. However, the discourse of the West and among the westernized organizations in the South is often very alienating for the majority of the (rural) people, and may result in programmes and measures neither understood nor owned by them. In the long run, such programmes can backfire. A better approach is to concentrate on people’s control over natural resources, and integrate the various environmental and conservational concerns in such an approach. Human kind’s relationship with nature as consumer, controller, nurturer, destroyer or as a small component of nature are all issues to be dealt with under the rubric of ecological democracy.

III Ensuring Human Dignity (Social Democracy)

There is no doubt that the neo-liberal economic policies and other measures pursued by the ‘New Right’ will be causing extreme poverty on a scale that could be unsurpassed in human history. In many cases the problems should be seen in the framework of empowering the *Daridranaryan* and as issues of acute economic survival. However, in most instances, issues like unemployment or underemployment, temporary employment, workers’ rights and the meaning and nature of the available working opportunities are, across the globe, issues of human dignity. Even in cases where the crumbs falling from the table of the neo-liberals are more than enough to satisfy the basic material needs of the people, human dignity is sacrificed in a most detrimental way. The hegemonic neo-liberal policies create identities of greed, promote consumerism

and materialism, and prevent people from making good moral choices, from pursuing their spirituality. They sacrifice human dignity for profit.

The struggle for dignity and social equity has to be the principle issue among dalits, so that they are well equipped to contribute from their perspective and experience in the struggle against Satanic Globalization. It is the objective situation among dalits, which forced large number of ideologues including Babasahib Ambedkar to emphasize the importance of a caste annihilation movement in India. (In the rest of South Asia, due to the peculiar local situation, it is not even being recognized as an important source of inequity). In the past two decades there has been a regression from the earlier acceptance by the upper caste of empowerment of the ex-untouchable castes. Increasing voice of women in the social sphere is being accompanied by new forms of perversions and violence against them, manifested e.g. by the declining sex ratio of 0–6 year olds in India (Census 2001). These issues have to be viewed with their wider linkages under the rubric of social democracy.

IV Strengthening Plural Co-existence (Cultural Democracy)

The issue of plural coexistence – and of the prevention of communal (or racial) violence – has a profound significance for every part of the world at the beginning of this millennium. When the world's economic and cultural crises deepen, the threat of communal violence increases. In areas suffering from acute environmental degradation, the undermining of the natural resource base can aggravate such problems. In South Asia there is a living tradition of peaceful co-living of various ethnic and religious groups and of sects within religions. This tradition is under great strain and needs to be revitalized in the present context. A judicial pronouncement in Bangladesh in January 2001 banning fatwa (religious edicts) is an authentic illustration of cultural democracy. Among the Hindus, vesting of adequate dignity to the folk practices not conforming to Brahmanical scriptural norms should be a priority item. A campaign for Cultural Democracy should also be a mobilizing act against attempts to distort history in almost all countries of the world, including those in Europe and America. In Europe the Muslims are being projected as a fundamentalist or non-pluralist segment of the society. The increasing polarisation between the Islamic countries and the West (the European Union and the United States of America) has been deepened by instances like the Gulf War in 1990, which created anti-West feelings throughout the Islamic world. The European integration – all the old colonial powers being fused to one new super-power – is worsening the situation because it is considered as the potential and powerful adversarial supra-state by the Islamic states. The conflict will be further aggravated if the European Union becomes a real Federal State and if it develops a joint defense

policy and a joint army, in which case all the EU member states, including the Nordic countries, will become integral parts of a major military super-power with a large arsenal of nuclear weapons. Plural coexistence, however, should not only be viewed from a negative viewpoint or through the scenarios that need to be prevented: it should also be seen as richness, where new things are being created and recreated continuously through the interaction of differences.

V Nurturing and Deepening of Democracy (Political Democracy)

Political democracy, if not constantly cared for and defended, can be greatly undermined. All the possible checks that can be built against the un-democratizing thrust of social systems can only be effective if the people actively guard democratic structures and norms. Democracy – defined in terms like participation, representation, rule of law, protection of cultural, linguistic, religious, political minorities and transparency of political decision-making – is to be nurtured and deepened. However, at present only one model of democracy – the western liberal or market democracy whose specificities have evolved in a small cultural-historical zone of the globe – is being adopted by all the countries with different cultures, institutions and traditions. The big wave of indigenization and anti-westernization – to which belong, among other things, the Islamic Resurgence, the growth of the Hindutva movements and the economic and cultural rise of China – cannot be wished away lightly. If issues like democracy, human rights or women's rights can be labeled as “western values” by various oppressive forces in the South, there is a real danger that these values will be seriously undermined during the first century of the new millennium.

Directions of Search: There is an expectation that I explain my position regarding the institutions of governance. But a view that believes in the bottom-up view of participatory democracy where institutions, ideas and ideologies are also worked out by the people themselves, there is a contradiction in terms to suggest institutions of governance. Recently, on 29 May 1999, recipients of the Right Livelihood Award met in Salzburg. Issues of WTO came up. The solution suggested was not an alternative WTO but basically a plea to pause and undertake introspection seriously. It was suggested that operation of the WTO should be suspended for five years, a Citizen's Commission be appointed to go into the various kinds of damages it has inflicted over humankind, and civil society dialogues be organized all over the globe, especially among the affected communities.

Instead of giving a top-down solution I would like to engage with the following questions with regard to the potential and direction the present flux will take. The main issues are regarding (a) faith, (b) hope, and (c) the methods of basic transformation of society.

Faith: Regarding faith, the widely shared view among the community of activists I belong to is that selfishness and greed are only one part of human journey and not the dominating, defining characteristic of human life. Thus wants can be fulfilled, and even indulged in, without being either justified or glorified.

Hope: The task of building true democracy is now inextricably linked with the global struggle to reform or transform capitalism without a readymade version of socialism. It is a new project however much it is based on perennial values of compassion, justice, equality and freedom – to understand the spiral and web of life and to nurture life in its most holistic sense.

Method: The method for democratic struggles has two aspects. One is ‘Dialogues’, basically to recognise the contours of present times. Grasping the essence of the times will be incomplete if we do not simultaneously fight the injustice. For this the method of ‘Non-violent Civil Disobedience’ is the only answer. Through dialogues we not only recognise our times but also understand the calling of our times. Dialogue at all levels, including with the adversary, is possible only if we do not believe in the conspiracy theory and believe in the willingness of the human spirit for struggle and self-sacrifice against injustice.

Caveats to North-South Civil Society Dialogues

For a variety of political and historical reasons internationally funded NGOs have less popular appeal and legitimacy in our society than the non-funded/non-structured movement groups. Civil society groups working among Dalits – ex untouchables – of India are under such pressures (to work for issues of local oppression, proper implementation of the policy of positive affirmation, land reforms, plight of the agricultural workers and issues of dalit atrocities etc) that they hardly get to link these pressing issues of identity and dignity with the larger issues of globalization. There is another complexity involved – the idiom and symbols of many anti-globalization struggles are such that they do not touch the emotional cord among Dalits. And such battles cannot be fought unless we muster all possible intellectual, financial, human-power, moral-spiritual and emotional resources. It is a painful reality that the population worst affected by globalization are not in a position to fight it as a first priority as the local hierarchical structures do not allow that possibility (Vijay Pratap, 1993).

Natural resource based communities, most of them popularly known as Adivasis (indigenous people) are another most badly hit section of our people. I have explained their situation elsewhere in this note. However, the political parties among them are prisoners of the present-day satanic logic of global governance. According to this logic rulers of the majority nation-states have to forget people’s interests and tailor their

policies to get international development co-operation aid and direct foreign investment (FDI). To get a detailed understanding of this argument see (Devendra Raj Pandey, 2000).

The civil society groups among adivasis mostly operate in the NGO mould. They, because of the stark human reality with which they have to struggle have good understanding of the need to redefine the unsustainable development model and the added negative impact of globalization. There is many a network active among these communities. In the anti-globalization struggles it will be easy and natural that we tie-up with these groups at various levels. However, these NGOs do not always understand the power dynamic at the international levels. For instance, there is very rich heritage of indigenous systems of science and technologies, which is being pirated by multinational companies and many naïve NGOs are being used by these corporations for documenting these knowledge systems. The added challenges is that a majority of modern scientists are so contemptuous and ignorant regarding the richness and competence of our own traditional technological and scientific communities that the bottom-up idea of Research and Development does not occur to them. A sociologist of modern science, Dr. Shiv Vishvanathan at the Centre for the Study of Developing Societies in New Delhi, has in an international conference suggested that there should be a global commission to examine the damages caused by modern technologies on the lines of the Truth and Reconciliation Commission of South Africa. Northern and Southern civil societies have to forge alliances to get to the whole truth regarding the impact of modern technologies.

An added dimension is that a major proportion of these indigenous technological communities belong to religious minority groups in India. These communities are also locked in the struggle around issues of identity and security due to rise of identity fundamentalism all over the world.

The above discussion on the diversity of Indian civil society makes it clear that only when there is a linking up of various social groups into a holistic democratic struggle at all levels, including the grass-root and national levels, that the anti-globalization perspective and struggle can flower. Northern civil society has to work out institutional mechanisms to relate to the less globalized sections of our society. In the early eighties, peasant movement ideologues like Sunil Sahastrabudhey used to emphasise a distinction between India and Bharat. Bharat refers to that section of Indian population which is either less colonised or structurally placed in a situation from where they could not access the global modern knowledge systems and networks. There is ample literature, which clearly demonstrates that people in 'Bharat' have not completely lost their moorings yet and they lead a more wholesome life then those of us who are victims of the mad-race syndrome.

So far, majority of interactions of Northern civil society stop after connecting to the 'B' team of those who aspire to work for realising the dreams of American consumer paradise in the South. Democrats of the North, particularly in the civil society have to get rid of the patronising attitude towards the teeming millions in South. They should also avoid the self-righteous attitude of reforming or keeping an eye on the 'colonised' 'exploiting' and 'corrupt' Indians to 'pursue' the policy of positive affirmation vis-à-vis the 'Bharat'. Because, as long as the unequal nation-state politics exist it is not desirable to undermine the autonomy of the political processes of the South. Political processes includes the civil society (non-party-non-election) political processes as well. It has to be clearly recognised by our Northern counter-parts that through contacts with them, we can become very powerful without taking any risks and almost displace or marginalise the more authentic ones from the civil society scene. There are cases of many NGOs who started from a democratic perspective on issues of globalization, but then jumped the side to become committee members of World Bank on 'governance and civil society'. We are not attributing this co-option to the Northern groups alone. A section of activists get tired in any case under the best possible emotional-spiritual conditions.

The India group at the Service Centre for Development Cooperation, KEPA, in Helsinki, is steering an exchange programme to get a glimpse of the 'Bharat' as different from 'India'. In CSDS/Lokayan we have done our best to identify the people belonging to Bharat, so far. There are serious challenges in carrying on this Bharat's exposure to the Finnish civil society. Sometimes there is subtle, and sometimes not so subtle opposition to this approach by our own colleagues in India. But given the unequal nature of the two civil societies, the KEPA-Lokayan exchange programme needs to be examined and expanded on the appropriate lines between Nordic countries and South-Asia.

We are trying to convey two issues (1) in the bottom –up view of democracy, we need to learn the specificity and uniqueness of each entity and at every level. (2) we must not undermine the autonomy of each entity and should not mix-up the levels. But in an era of globalization, where we all need to unite to deal with the satanic dimensions of globalization, we need to know each other empathetically. Knowing oneself is a very difficult task and knowing the 'other' is yet more difficult. But to work out concretely the ideas of global solidarity we need to help each other to know ourselves without undermining our autonomies. In special situations of war, natural disasters or ruthless dictatorships, the perspective may remain the same but the concrete form will differ.

BOX 13

It is instructive to remember Gandhi's advice, which he gave to a group of Christian workers from U.S.A. in 1936. This advice also makes it clear that Gandhiji was not a blind opponent of modern science and technology, as some sections would like to portray him:

"when Americans come and ask me what service they could render, I tell them, "if you dangle your millions before us, you will make beggars of us, and demoralize us. But in one thing I don't mind being a beggar. You can ask your engineers and agricultural experts to place their services at our disposal. They must come to us not as lords and masters, but as voluntary workers".

Keeping our basic premises, the challenges discussed in the foregoing discussion, and these caveats in mind, the following are some suggestions for concrete action:

1. Institutionalizing quasi-permanent structures/networks for enduring 'Dialogues on democracy and globalization' can be the most strategic tool for democratizing North-South relations.

As discussed earlier, we urgently need a framework that will coalesce together the various strivings on earth for a universalistic, humanistic, democratic front. We need to consciously and urgently cultivate peer groups, clubs, institutions, networks, movement groups, and political parties to discuss the positive forms of intervention to deepen democracy.

2. We urgently need to undertake some defensive actions as well, for example organizations like 'Friends of the Earth', 'Survival International', 'International Rivers Network', 'Green Peace' and 'Green Parties' must approach all the democratic forces on earth to evolve a defense strategy in preserving what has not been so far destroyed by the hegemonic forces.

In a recent conference of the Global Greens I had put forward a resolution in the form of an amendment to the Global Green Charter. This resolution got 64 votes in favor and 45 votes in opposition. I had no opportunity to understand why this resolution was defeated narrowly for want of 2/3rd support for it. I put forward that resolution again to this house to be carried on to the respective organisations and governments represented by the participants in this workshop and for their feed back – "Southern civilizations for thousands of years have been practicing a way of life that we now describe as 'Green Principles'. A careful look at their livelihood support systems will show that limiting the wants was a

conscious choice for conservation and regeneration of nature and not due to sheer technological backwardness. But now, the present form of globalization is destroying these communities at a very rapid rate. Global Democratic Front needs to set up a 'Defense Committee' to defend 'Green communities' in the South. Otherwise, what has been preserved through thousands of years will be completely destroyed in the next couple of decades."

3. We need an independent information, research and media network to identify the democratic practices, struggles, dreams and dramas being unfolded and enacted in the family called Earth. We need to collect, collate and then disseminate this information, especially for those who are still prisoners of the mirage of the American Consumer Paradise. We should resolve to (a) set up such media centers all over the world, (b) to disseminate this information in the people's languages as far as possible, besides doing so in English.
4. All these dialogues and building up of institutions and networks should culminate into building a global front for defending, deepening and expanding democracy. This front can be built through a combination of intellectual activism and organization building. The organization building cannot happen only through intellectual activism. The evolution of ideological framework and building up of networks can happen effectively if we use the weapon of civil disobedient as evolved by Gandhi.

Those who believe in democracy have not only to shun violence themselves but also have to delegitimise violence as a method for social change. They have to sharpen the weapons of non-violent civil disobedience. Gandhiji believed that only those who are civil and obey the laws of the land have the right to fight the unjust laws. Dr. Rammanohar Lohia, believed that in such acts of civil disobedience sometimes some material damage to property can take place but a strict code of ethics must be followed by the agitating people's organizations as well as the enforcing agencies so that there is no loss of human life on either side. The purity of non-violent civil disobedience depends on the purity of attitudes on both sides of the fence. Now-a-days governments pay attention only when a movement becomes violent. The responsibility of a peaceful world order is to be shouldered by the totality of humankind including the managers of the establishment as well as by the leaders of the struggling oppressed and exploited people. After adequate political and technical preparation including sustainable land use planning, the agenda of boycotting genetically modified food-grains, biotechnology produced edible materials, should be adopted and if necessary non-violent civil disobedience should be resorted to. A campaign should be launched against all

diversionary moves in the name of cultural nationalism and ‘national sentiments’ which put the issues of right to work, right to sustainable livelihood, at the backburner.

I will end by quoting from a personal communication on 1 May from Mr. M.P. Parameswaran, a leading ideologue of the All India People’s Science Network (which recently got the Right Livelihood Award):

“I have gone through your note “Vasudhaiva Kutumbakam” and its annexure. I find that there are more things, which we share than we differ with. The anxiety syndrome is something very real and debilitating. In the early sixties when I was in Moscow one thing that impressed me greatly was the absence of an “anxiety syndrome.” Many here and every where argue that competition is the driving engine of progress. But progress towards what? Anxiety, insecurity, madness!

Strengthening of all the five types of democracies at home in India, in the states, and in the panchayats, is important. This is a real concrete task. Equally important is the task of disillusionment, that progress is not what the capitalists or even the Marxists have been telling us. International solidarity is important. It gives us moral support. But there is something more important. I feel that we cannot save humanity without saving “the West” especially the Americans from their follies, without making them realize that their way of life is unsustainable and unenviable. There are a very large number of groups in the USA who share this view. A project – a programme – to weld all these groups into a single force will be useful and even necessary for us and the rest of the world. Can we think of a concrete plan of action for this? I have been feeling the necessity of such action since quite many years.”

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Considering the Interests of Developing Countries in International Trade Agreements

Kimmo Sasi

The Finnish Minister for Foreign Trade sees free and open markets as the way to open the doors to prosperity for all. He says that we need to build consistent support for economic liberalization and he sees that the risks for social exclusion and marginalization depends on the preparedness and the resources of the country concerned to respond to the challenges.

Today, globalization is one of those catchwords that stir strong emotions. Recently, resistance to the – presumed and actual – consequences of globalization in both developed and developing countries has gained momentum.

I see globalization more as a challenge than a threat. The process is widely understood as a phenomenon of expanding and deepening of market relations, characterized and largely generated by technological development and, in particular, information technology. Globalization entails growing specialization and, on the other hand, interdependence of economies. Specialization makes possible a more efficient use of resources, improved productivity and accelerated technical development.

At present, the benefits of globalization are not evenly spread – there are both losers and winners. The World Trade Organization, WTO, and the multilateral trading system have often been criticised for having caused injustice in world economic relations. What is being widely overlooked in this context, is the fact that in many countries internal strifes, corruption and disregard of good governance could be the biggest barriers not only to development, but also to trade and investment relations. Such problems need to be tackled by proper policies by the governments and civil societies themselves.

Unfortunately, over the past hundred years, in the economic history, there is no example of any inward looking development strategy leading to a sustainable improvement in the living standards. Common values, functioning government institutions, vibrating civil society and respect for basic freedoms can also be seen as economic values, when states adapt themselves to globalization and compete in evolving markets. Letting people use their creativity and encouraging it is one of the biggest economic forces.

What is essential today is that most countries want to participate in the globalization process, because they believe that integration into the world economy does serve their interests. I maintain that every country can realise the gains from trade by unilateral liberalization. Presently, there are 141 member countries of WTO and about 30

countries are negotiating to join. Ultimately, states and governments are responsible for how sound their economic policies are in the long run, and how well prepared they are to provide the services needed by civil society, the business community and investors.

Harnessing globalization is our biggest common challenge. We need to build consistent support for economic liberalization and open markets. At the same time, basic safety networks should be tailored to respond in the best possible way to every nation's own needs. The risk for social exclusion and marginalization varies depending on the preparedness and the resources of the country concerned to respond to the challenges. Increased opportunities and information available highlight the need to invest in human capital – in making education available to all levels of society.

Increased prosperity creates more favourable conditions to alleviate the fears of globalization. The costs and the benefits of globalization should be shared. Developed countries should be partners with developing countries in combating the economical and social exclusion. We can expect to be successful in our efforts when we join together and cooperate.

WTO can have a role in managing the globalization process through its trade policy rule-making. But, although a key player, it is only one of the players in the process. According to its mandate, WTO aims to develop an integrated, more viable and durable multilateral trading system of rules with the objective of reduction of tariffs and other barriers to trade, i.e. trade liberalisation. Both common rules and a binding dispute settlement system enhance the predictability of the multilateral trading system.

The priority for Finland in the autumn is to get the multilateral trade negotiations launched at the Doha Ministerial Conference in November. It is important to agree on the agenda that takes into account the interests of all WTO Members. However, we should avoid pre-negotiations and let the actual negotiations themselves determine the end results.

I am confident that the comprehensive multilateral trade round provides us with the best possible way of contributing to the content and shaping the direction of the future of trade policy. In this process, WTO gives us a democratic forum for achieving this goal; the WTO members represent Governments and their people. The European Union has advocated a new round of trade negotiations, which would take into account the interests of all participants in a balanced way. In this connection, we attach special importance to the integration of developing countries into the world trading system by improving their market access and by assisting them in building their capacities.

Recent developments have provoked strong internal pressures in our societies to clarify further the WTO rules pertaining to environment and consumer health and safety. There is a need that these matters should be addressed at the preparations for the Doha Ministerial. I would like to stress that the aim is NOT to use these items for protectionist purposes. These questions are acute in our societies and we believe that it

is in the interest of all WTO members that rules on these questions are clarified by the WTO members and not through the Dispute Settlement process.

There are also other new areas for trade negotiations, such as trade and competition and investments. The question of investments highlights the importance of creating a predictable multilateral framework of common principles of WTO. This is in particular relevant in the context of developing countries, as, during the past years, foreign direct investments (FDI) have grown more than trade.

Several developing countries have stated that their priority in the negotiations is twofold; firstly, they support the implementation of existing Uruguay Round commitments, and secondly, they want improved access to the markets of the developed countries for their products. Regarding the market access issues, there is a growing feeling that any further WTO negotiations should have a specific developmental focus.

I hope that by the end of July 2001 we will have a better picture of the preparations for the Doha Ministerial Conference. We need to work together in order to identify the key issues that need to be solved before the last steps to Doha. Time is running out – we should all be prepared to bear the responsibility for the multilateral system, which functions well and guarantees predictable trade rules.

The European Council in Gothenburg, on 15–16 June 2001, stressed again that the launch of an ambitious and balanced new round of multilateral trade negotiations in Doha in November remains the objective of the Union. According to the European Council, such a Round should respond to the interests of all WTO members, and in particular to those of the developing countries, while demonstrating that the trading system can respond to the concerns of civil society. The Council urged all WTO partners to work constructively and flexibly to forge a consensus in Doha.

I am convinced that European Union can act as the principal advocate of both the new Round and the developing countries simultaneously. Furthermore, we have already taken steps in order to promote the possibilities of the less developed countries (LDC) to enter the EU markets.

A year ago, 77 African, Caribbean, and Pacific (ACP) countries and the EU, with its 15 member states, signed a comprehensive twenty-year partnership agreement in Cotonou, Benin. The Cotonou-agreement is the successor of the Lomé-agreement made between these countries and the EU. However, the Cotonou-agreement contains several improvements. It is more versatile and puts more emphasis on every sector of EU-ACP co-operation. The agreement rises a wide range of new policy challenges. For instance, how can we ‘mainstream’ the participation of non-state actors and local governments? I hope that the agreement paves the way for the preparation of a new WTO compatible trade regime between the EU and ACP.

In February, EU adopted the “Everything but Arms” (EBA)-regulation, which extends duty and quota-free access to all imports from least developed countries to the

EU. Since 5 March 2001, the EU has been open for almost all products from the least developed countries, except for the three product groups (bananas, sugar and rice) that will be liberalised gradually. For sugar and rice the EU offers annually increasing duty-free quotas until full liberalisation is achieved.

This regulation is EU's response to the call to improve access to the markets of developed countries. I hope that other developed countries – the USA and Japan – will make similar decisions. The EBA-regulation goes beyond the commitments the EU made in the Cotonou-agreement. On the EU side of the table of negotiations, I recognize that this is an important first step when we are abolishing impediments to trade.

At the conclusion of the 3rd United Nations Conference on the Least Developed Countries, the international community adopted for the first time the objective of duty-free and quota-free market access for all products originating in the LDCs. This decision will expand the impact of the 'Everything but Arms'-initiative, already adopted by the EU.

The Conference adopted a Programme of Action for the decade 2001–2010 to help the less developed countries. The Programme of Action envisages concrete actions by LDCs and their development partners to reduce poverty and to promote sustainable development in the LDCs.

I would like to take up one more important question – the question of sustainable development. We need to consider the ways in which an open trading system can promote environmentally friendly growth that allows for economic and social development to take place. In the EU, we are building the concept of sustainable development into respective EU policies. On trade policy specifically, there is a need to produce an overall net positive development taking into account all three issues – economical, environmental and social. Sustainable development is not a protectionist measure against free trade – it is meant to make certain that trade flows between parties take into account those three issues mentioned.

Of course, trade policy itself is not the whole answer to problems facing the developing world today. The Governments want to promote human welfare in the broadest sense and trade policy is only one of the instruments Governments use in pursuing this goal. In order to reap the benefits of trade liberalisation the decision-makers need to pay attention to other walks of life as well. Developing countries face constraints in their human resource base. By improving access to education and skills needed in the new economy developing countries will be better positioned to compete in the world market

I believe that the international financial institutions (IFI) have a special role to play by channeling capital flows to investors in developing countries. Furthermore, IFIs should pay attention to how to empower governments in improving their economies

and further improve their capacities to face the challenges of the open markets. On their part, governments should develop possibilities for people to use all the potential a sustainable economical infrastructure can offer.

In the recent Development Committee Meeting of the World Bank, one of the main themes was Trade and Development. Both the World Bank and the International Monetary Fund provide policy advice and lending to developing countries for capacity building, expansion and diversification of exports and infrastructure development in order to accelerate their integration into the global economy. Ministers and high representatives of the industrialised countries considered expansion of world trade as a leading priority for enhancing development as the potential benefits from trade far outweigh any other form of resource transfer.

Also in the Economic and Social Council of the United Nations (ECOSOC), at special high-level meeting with the Bretton Woods Institutions (BWI) in May of this year, the importance of trade and the access of the developing countries to global markets were strongly emphasized. Also the consolidation and strengthening of international financial systems responsive to the needs to promote economic and social equity in the global economy was strongly supported.

I consider that trade remains a vital contributor to development policy in promoting economic growth and reducing poverty. Coordination efforts in this area need to be accelerated and coherence in actions enhanced. I also stress that concerns of all countries should be taken into account to ensure that the trade policies are adaptable to specific country situations and so that countries consider them legitimate. This would also promote democratic ways in dealing with trade problems and global equality. Although the Governments make decisions in official multilateral forums, civil society concerns and proposals can offer valuable inputs. “Broad ownership” of policies can be better ensured if these inputs are taken into account.

I would like to conclude this paper by recalling that it has not been too long ago, when the concept “foreign trade” was a synonym for “trade barriers and protected markets” – when the people benefiting from the situation were the owners of the closed and protected business sectors. Today, open and free markets mean that you have something to share with others – that way we all can prosper.

Another Globalization is Possible²⁶

Cândido Grzybowski

The globalization process has opened the doors for an alternative form of globalization. This alternative process develops through the global civil society for which the World Social Forum provides the forum.

In the present situation, it is extremely opportune and necessary to multiply initiatives, which reflect on and debate the question that democracy faces in a dominant globalization²⁷. I expect that together, starting from our diverse insertions and practices from different parts of the world, we can contribute to the identification of the main lines of an emerging collective global project. We need to use all our imagination, creativity, intellectual and political capacity in order to develop useful knowledge for a global action that could be based on the concept of citizenship and radical democracy.

My inspiration regarding this task should be specified. I will construct and analyse arguments and proposals based on my position as Director of the Brazilian Institute for Social and Economic Analysis, Ibase, an entity of the Brazilian civil society. Because of this position, I express my engagement and militant viewpoint often without the demanded academic rigidity. Instead, my reflections have the merit of arising from structures and processes, social movements and struggles, such as the Brazilian context and its insertion in the world.

Secondly, I am trying to construct and demonstrate, as a central hypothesis of my argument, that today's dominant globalization is based on an essentially anti-democratic logic. Therefore, the tentative is not to try to democratize the globalization we can see today, but to construct global citizenship and a global democratic alternative to it. This means that the problems of globalization lay in the way they arise. Global democratic governance is not enough to repair the perverse effects. The dominant globalization, which is based on a logic prioritising markets and the economy, is a negation of citizenship and democracy for all. In light of this, I defend the hypothesis that we have to change the perspective of globalization to that of global citizenship instead of global markets. Furthermore, I sustain that democracy, as the base for another kind of globalization, is a necessary and possible project.

²⁶ Translated from Portuguese by Mika Rönkkö and Ruby van der Wekken.

²⁷ In this context, I would like to thank the Finnish Ministry for Foreign Affairs and the Network Institute for Global Democratisation, NIGD, for organising this workshop.

I will organise my argument in three blocks. First, I will try to identify the meaning of the struggles against the dominant globalization. Secondly, I will try to use analytical, theoretical and political references in order to think of democracy as the fundament of another globalization. Thirdly, I will outline an agenda for research and action.

I The World is not a Merchandise

To start out with, why does globalization provoke emotions of hate and love? Why does it cause such trouble? An initial answer lies in the fact that it is a process with real effects, felt all over the planet. No one seems alien or immune to globalization, which seems to transform everything into a property or service measured according to its market value. But, besides this commercialisation of relations, processes, structures, common goods and life itself, it is the very arrogance of the proponents and the defenders of the economic-financial globalization that makes it so unbearable. The process is presented as an inevitable fact, and even worse, as a process without alternatives. It is this dominance as the only model of thinking, that is the most troublesome.

The Washington Consensus and Neoliberalism

The Washington consensus defines what is considered as good macro-economic policy. It has a whole school of thought at its service that legitimizes the policies. Together with its pejorative attachment, neoliberalism, globalization penetrates academic institutions and is imposed as a hegemonic form of thought, acquires the status of being an academic school and the obligatory political reference for economic globalization. At the World Economic Forum, the new Mecca for the actors promoting neoliberal globalization, which is held annually in Davos, Switzerland, thoughts and proposals are attuned in accordance with the interests of today's dominators of the world. In Davos, at the annual forum of neoliberalism, the leaders of conglomerates of enterprises meet – in the position as owners of the world – together with the elite of thought and the leading politicians in multilateral institutions and national governments, academia, civil society (labour unions, NGOs, professional organisations etc), the media and large publishing corporations. At the World Economic Forum, all these people give themselves the liberty and boldness to think. But what moves them are not values of human liberty, dignity, democracy, or sustainability. They want a world progressively more ruled by the free market and competition on a global scale.

The neoliberal policies are implemented in a decisive way in the multilateral institutions both in the old – but renovated – settings, as the IMF and the World

Bank, and in the new – but already global – settings, as the World Trade Organization, WTO. Since the end of the 1970's, the legitimising policies and ideas aiming at the re-composition of a capitalistic hegemony were no longer forged in the form of the imperialism of a nation state, but as a world system in service of the big economic-financial private corporations. This system built itself on the free market, the law of seeking total productivity and competition on a global scale. In order to achieve this, liberalisation, privatisation, deregulation and a reduction of the role of the state in the administration of the economy were pursued. The leaders and the organic intellectuals of these ideas and policies define them as part of globalization, as irreversible, which, accordingly imply the end of history. The end of the real bipolar order, of the cold war established after the Second World War with the implosion of real socialism in East Europe, seemed to create definite conditions for the consolidation and expansion of a new global (dis)order of economic-financial capital.

Dismantling the Rights and Deepening the Inequalities

In practice, however, such a globalization has led to the systematic transfer of the power to formulate policies from the nation states to the international arena and has led to the concentration of power in the hands of neither democratic nor transparent global institutions. It has resulted in the acceleration of the concentration of richness in few hands, with widening inequalities and social exclusion on a global scale, to an ever greater threat to the sustainability of the planet Terra; and to a daily submission to both the feelings and the bets of speculators in the Stock exchanges as well as to the “economic health” of the enterprises and governments, which put the life of all people at risk. The privatised and commercialized world as a large business has turned the world into a sort of a global casino.

The tentative here is not to deepen the analysis of what has been conventionally called globalization. Instead, it is worth to specify two key elements for understanding the profound problems of globalization, the factors causing and increasing it, and what it is that makes it each time more irate in its contesting of the outside world. In the first place, a globalization promoted by large economic-financial conglomerates is synonym to a negation of historical conquest and the establishment of rights. It is shredding apart what was built through hard struggle with the participation of people, with negotiation and agreements between opposites and differences, expressed in the democratic nation state of rights and aiming at the promotion and enlargement of the collective well-being. In spite of the enormous diversity of contexts, the dismantling penetrates all societies in one way or another. Today we witness a new phenomenon, the process of defining new North-South relations in the world. There is an internalisation of poverty in the developed North (with concomitant and accelerated

pauperization in Eastern Europe). Simultaneously, the richness of a few privileged ones in the South provokes such inequalities in economical, cultural and political power, which serves as a real social apartheid. Everything is done in the name of the market and justified by the internals of globalization. Against all this, globalization signifies the negation of human rights and world citizenship, and over and over again more people revolt.

The Failure of the Free Market

The second aspect, directly associated with the first one, has to do with globalization as the dominant world vision and ideology. Globalization is dealt with here as the only model of thought and as universal valuable. There is an intrinsic mistake in the basic idea of the free market, which is at the centre of neoliberal elaborations. No market exists without political institutions, or, therefore, without political power. In reality, the free market and global market are a global power system, which is based on adequate global institutions and contracts, such as the WTO, IMF, G7, EU, and NATO. The UN itself, being the most comprehensive global multilateral institution and potentially democratic, is dominated by the same market logic and power. The free market – which has almost nothing to do with freedom, if not being the law of the jungle always favouring the strongest – is in fact a world view, a way of organising the economy, the political power of state, and civil society itself. We are dealing here with a thinking that sees the possibilities and problems of the world as deriving from the logic of the accumulation of the profits of the large conglomerates of enterprises. The collective well-being, human liberty and dignity, the conservation of the environment, and finally, common goods and human rights, are neglected as primordial objectives of societies and only come about as natural consequences of a more or less healthy economy of the markets and enterprises. Those billions seeking to be humans, who feel affected by these visions and policies, have all the reason to rebel and say no: this must not continue!

Individualism as a Supreme Value

Globalization is loaded with an economist and reductionist vision of human reality. Therefore, saying that it is not a bearer of values would be a mistake in our strategy. Neoliberalism as a school has its own philosophy, to purport the restoration of old ideas of individualism as central value in human relations. We are not trying to deny our own individualities. The problem is when this is put forward as an exclusive value, the way individualism does. The idea of the citizen is exactly the opposite to this, because it sees communal values and rights behind different individuals. Liberty, equality and diversity are central to the concept of the citizen. Values are not properties of

individuals, but rights that only exist when different individuals come together. Hence the contradiction in the visions of the citizen and individualism. In this lies also the origin of all the political-cultural opposition of the emerging global citizenship to the individualism preached and practised by globalization. As a synthesis, one can say that neoliberalism disapproves of the citizen in the name of individualism, which signifies the expropriation of the decision power of citizens over their lives in the society.

The Emergent Global Civil Society

Luckily, the world has not yet turned into such a commodity as preached by the dominant globalization. The best proof of this is the emergence of a global civil society and global citizenship. This might just look like a utopic wish, which it is not. It deserves an analytical endeavour in order to fill the deficit in research and in theoretical-political systemisation. This is fundamental to those who have as their reference human liberty and dignity, and who are engaging themselves in the radicalisation of democracy. Herein lies a first question, which should be prioritised in the long-term project, as is the objective of this workshop “North-South Dialogue on Democracy and Globalization”.

Civil society and global citizenship cannot be limited by globalization itself, as if they were its effects. Global social movements exist by the force of their own actors constituting them. I can take here as examples, and I do this in all respect, the feminist and environmental movements that with their huge organisation, coalitions and networks reach the whole world. In the same manner, we can associate them with human rights movements, which have forged an Amnesty International around civil rights, a FIAN around alimentary rights, which have put forward the central question of coalitions and platforms around ESCR – Economical, Social and Cultural Rights. Such movements have created – and are creating – global networks, not because of financial-economical globalization, but because of a natural unfolding of the question of citizenship, which is also global in its nature. In this manner, we are also facing another movement of globalization. It does not matter that this movement is struggling against huge conglomerates and their strategies of globalization.

Multiplying the Global Networks and Civil Movements

Without question or contradiction, a struggle against globalization amplifies the process of the constitution of global civil networks and movements. The agenda and events of the others’ in the international fora form spaces where new actors and networks, with globalization as their main object, are identified. The articulation of civil organisations during the long Uruguay Round of the GATT negotiations, from 1986 to 1994, which produced the WTO in its final act in Marrakech, was a fertile ground for the

construction of a global civil perspective. The following pace, which took us to Seattle at the end of 1999, when the militant global citizen movement managed to abort the installation of a new round of negotiations of liberalisation of global trade under the aegis of the WTO, already revealed the strategic alliance of actors and civil networks, NGOs, labour unions, all with different cultural and national insertions, but sharing a global perspective. A similar process was formed around the question of financial speculation, with the establishment of the Attac-network, as around the debt of Southern countries, of which the global Jubilee 2000 campaign is an example.

These particularly active global networks of citizen movements emerged during the decade of the 1990's of UN conferences. Concrete examples are Social Watch and Dawn – Development Alternative with Women for a New Era. Many other networks were established, like Saprin – Structural Adjustment Participatory Review International Network, Fifty years is Enough, IFG – International Forum on Globalization, Alliance Pour um Monde Responsable et Solidaire, Riad – Red Interamericana Agricultura y Desarrollo, Via Campesina, One World, Third World Network, Focus on the Global South and many more. In general, these are thematic networks, which accumulate knowledge and fundamental experiences for thinking about the alternatives to globalization.

World Social Forum

In the context of the struggle against neoliberal globalization and the establishment of global citizenship, it is worthwhile to consider the initiative of the World Social Forum. In Porto Alegre in Brazil, on 25– 30 January 2001, and simultaneously to the forum of Davos, the World Social Forum brought together about 20 thousand people around the idea that another world is possible. The World Social Forum is imbricating into a cultural and political boiling pot of opposition to a globalization which is at the service of large economic-financial groups, and seeks to be one of the forms of the emerging collective conscience that elaborates theoretic alternatives. What makes the Forum possible and feasible, are all those who forged themselves as subjects of struggles, movements, associations and organisations, networks and coalitions into small and large actions, local, national, regional or global.

A world envisioned without visors of a free market but with values, thoughts and action carrying another future for humanity seems fruitful. It shows that those who think that a financial-economic globalization is only confronted by old interests and contradicting forces are mistaken. These exist, without question, but they characterize themselves as being also against the emerging global civil society and global citizenship. Those “opponents” who adhere the World Social Forum have a taste for the new, and for the forces, which have been renewed in the struggles. They are going out in the

streets to defend their causes, organising themselves in global networks in order to exchange and collectively construct proposals, participating and remodelling states, economies and their own societies, exploring possibilities by extrapolating from their own localities.

The World Social Forum wants to be one more meeting space, a cross-way, an open university of global citizens, in order to reflect and exchange knowledge and experiences. A public affirmation of difference and a construction of alternatives facing the one and only thought, the uniting and homogenising force of neoliberal globalization. With the World Social Forum, we are engaged to look for the common constructive essence of our diversity, in terms of initiatives of global citizenship as well as in terms of resisting the dominant globalization.

II Democracy as a Reference of Another Globalization

The moment is appropriate to formulate an anti-thesis to neoliberalism to dispute the hegemony of thinking and action, which sets the direction for today's world. The arrogance of the unique thought and the triumphal spirit of the free market, which does not see nor admit the existence of possible alternatives, have already ruptured. The neoliberal consensus, the dome, was caught with bewilderment when confronted with the force of protest and pressure movements, which surged from the basis of societies and was demonstrated in public squares in different parts of the world. Concrete people, of flesh and bone, managed to dig a civil resistance trench, making decisions and policies governed by the self-interest of economic-financial corporations and global speculative capital non-viable.

In this constellation, a new theoretical and political relevance for democracy has been gained. But to affirm that what is needed is to establish a democratic regulation of globalization as a primacy, instead of the free market, would be to simplify the huge task that humanity is facing. The problem is simply not to develop a system of democratic governance but, first of all, to democratically change the frame of globalization, its structures, relations and processes, its logic. This necessarily leads us to the conceptions of democracy itself.

In order to think of a globalization that combines citizens' rights for all humans and sustainability in the access and the use of the common human resources as central values for state power and civil society as well as for economies, a liberal democratic vision is of little use. It would then be necessary to redeem the substantive character of democracy, which impregnates all social relations, whether they are economic, cultural or political. My perspective here is more modest. I limit myself to point out some conceptual and analytical aspects, as a preliminary theoretic frame.

The Question of Democracy

Democracy, as a political and historical phenomenon and as a fundament to another globalization, has to be seen from three articulated dimensions:

a) The democratic ideal

Democracy is, first of all, an ideal. As an ideal, it charges itself with a value, a project of society, an intentionality. The democratic ideal combines utopia with history, wish with possibility. It is acted through the history of humanity, through struggle. It is approved and renovated at every moment, in every situation, by different social actors and concrete societies. It is in itself a source of dispute and tension. At its heart are values and proposals around the questions of liberty, equality, diversity, solidarity and participation. Ethical values and principles are at the centre of the democratic ideal, as a powerful force that moulds economies, organisation of societies, power. Given the diversity of the world, of cultures and of political and economical power, merely one democratic ideal is not possible. In this sense, democracy needs to entail diversity and plurality in a multipolar world, whilst being internally in opposition to the actual homogenization of globalization.

b) Democratic institutionalization

Democracy does not exist without corresponding political institutionalization. Rules and institutions regulate democratic disputes. They are formulated by constitution and laws, contracts and agreements, which frame the relations and forms of political disputes in a democratic context. They demonstrate the correlation of existent forces. They express the rights achieved and the responsibility of their implementation, as well as the norms of their preservation or change, which are permanently actualised in a democratic institutionalization. As a juncture for a specific society or as a juncture for nations or a global order, institutionalization is a given starting point for a democratic construction. The fact is, that the given institutionalization itself is a powerful conditioner for a democratic game, and therefore for the struggle for a democratic ideal. In light of this analysis, it is fundamental to recognise that, in global terms, the existence of a multilateral system with all its limitations, is a possible and necessary starting point for a democratic globalization. A practical question is its transformation and remodelling into a political infrastructure for a radically democratic institutionalization of a global order.

c) The process of democratization

To adopt a democratic perspective, it is necessary to always think of the process as historically possible. A dispute of a democratic ideal as a basis for another globalization on the scene of the actual institutionality, confronts a clearly undemocratic structure of social relations and historical processes. The radicalisation of democracy and citizenship on a global scale depends on the consolidation of the emerging movement of global civil society on a historical block of forces capable of indicating the remodelling of existing institutionality. Here we come across very heterogeneous actors, from local to global. A democratic will is constructed on the level of civil society, national or international, that functions as a political pressure force. It expresses itself directly, through demonstrations and public debate, or indirectly, through representatives in the spaces for negotiation. The dispute of positions and proposals creates tension and struggle, whilst constituting itself as the essence of the democratic process. It is a process characterized by progress as well as by steps backwards, by victories and lost battles. But it is an unstable process of change. This permanent instability, a fruit of institutional struggle, gives flexibility and force to democracy. It transforms the political, national and international dispute into a constructive force and into a renovator of structures and relations, of actors and processes, of whole societies.

Defining the Axle of the Question of Democracy Facing Globalization

To resist a world sought and practised by the heralds of neoliberalism, is necessary as a dam of contestation to its power, which destructs social achievements and citizens' rights as well as our greatest common good, the environment in which we live. Resisting is, however, insufficient in creating a wave that could grow by its own movement and mould into a powerful force carrying alternatives, ideas and projects for humanity. Democracy, as an ideal, institutionality and process, has to be constructed as a response to such a movement. For a process of a democratization of the world, we need to extract the constructive common essence of our diversity and resistance to globalization. We have to construct a project of global citizenship, based on an economy and governance that we want.

Before continuing, it is necessary to pin point more clearly the central ideas that orient the whole analysis. This focus privileges social exclusion as the question that bypasses the whole anti-globalization struggle. Social exclusion catalyses processes of exploitation and domination as well as diverse forms of social inequality, turns the basic social services up side down and feeds the social apartheid that divides the world. Environmental destruction itself obtains more human drama and radicalism when seen in the light of the social exclusion it implicates. As far as I can see, the perspective

of substantive democracy is about the way how to view social exclusion as a criteria for an analysis of guidelines and proposals for different social actors, their networks and global coalitions. This criteria is needed in order to evaluate the limits and possibilities of the development of civil societies, to challenge the power and the policies on a national and global level and to define a strategy in relation to the economic and financial system and its administration through multilateral institutions. The fight for new forms of integration, for the inclusion of the rights of global citizenship, is the dividing line in view of globalization and the central question of the democratization process.

Such a focus turns us to see democracy as a proposal for constructing another kind of globalization through measures that establish as their central strategy the radical confrontation of social exclusion and environmental destruction. Democracy, through the prioritizing of the inclusion of all, from its diversity of identities and culture and through citizen rights and participation, leads to a fundamental base for another globalization.

As an actual historic process, we have to analyse the proposal of democratization through participatory mechanisms that are generated at the local and the global. But at the same time, we have to view its capacity to promote changes in the cultural, the economical and its power in order to break the vicious cycle of social exclusion and environmental destruction established by the dominant globalization. That is why the analysis should neither limit nor prioritize the capacity to fight for each actor or block of actors, whether they are civil society, state of enterprise, by defending their interests. Important is, on the one hand, one's position with regards to social exclusion and, on the other hand, how to incorporate the proposal of democratization in one's strategy. In this sense, the guideline is to evaluate how, in the actual democratic struggle, political bases are administered in order to construct a new global solidarity. Finally, human liberty and dignity need to be chosen as non-negotiable conditions of the democratic re-founding of globalization.

When the question is put this way, the respective issues of the economy and global governance are not left out. On the contrary, it is fundamental to rethink the economy and the possibilities of an interdependent and integrated world in order to generate the conditions for a plural citizenship, socially and culturally diverse, as diverse as people are and as the natural environments in which we live. The task of democratization has a global perspective but is at the same time open to multiculturalism and diversity. It is a question of an economic globalization that attends to the common and equal rights of citizens, which have the capacity to disagree, and which does not deny the environmental natural diversity and local cultures. The primacy of private business and the liberty of markets is an attack against inclusive citizenship, global dimensions, the sustainability of the economy and life itself. The question is not to ignore or

despise the markets of private business. For a global democracy, it is important to regulate them in a manner that promotes the achievement of citizens, expressed in the human, political, economical, social, cultural, and environmental rights for humanity as a whole. That is why the national and multilateral state structures are necessary as a public power in the service of the collectivity of citizens, in protecting public spaces and goods, as a guarantor of equality and as a promoter of the universalization of citizen's rights in the whole world.

III An Agenda for Research and Action

In this third part I will try to identify some tasks for a democratic re-founding of globalization. Far from being the only ones and without thinking that others are less important, the tasks pointed out here have a certain urgency and indispensability for a strategy of democratization as elaborated in the above. Even more, I limit myself to the task that civil society entities could play in such a process, whether as associations or organisations, as movements or specific campaigns, as regional or global networks, as coalitions, academic institutions or media. I am particularly preoccupied with contributing to the development of a future that we have started with during this workshop.

Strengthening the Emerging Global Civil Society

Who are today the main actors of globalization? The governments (the political power) and the markets (the economy) are the pillars of global organisation. But who can give them a perspective of democratization? The societies themselves, the communities of citizens who form a people, a nation or a country. Therefore, the strategic goal is the global civil society itself: the condition prior to a new mode of globalization, to a new economy and to global democratic governance.

Putting the problem this way, there is an evident necessity to gap the deficit in the research, analysis and political reflection on the civil societies themselves. The conditions of equality in the cultural and environmental diversity of the world are the key question, as is also the locality where different actors of civil society live. The articulation between the local and global needs to be constructed in a context where states and national organisations, though being more fragile, constitute the concrete defining reality of possibilities and limits.

At this point, it is suitable to question the chance of social groups, sectors and of peoples who today are dominated, marginalised or excluded. What does it mean and what does it change politically, through democratic struggle? The persistent logic of

social apartheid, criminality and violence on the one hand, and different forms of intolerance and fundamentalism present in civil society on the other hand, are they not failing the democratic perspective itself? How can the emergence of a global civil society and the multiplication of networks and coalitions in the political arena in our countries, condition an effective democratization? Given all this, how does it – of most importance in itself – translate into forms of democratic struggle, generate new forms of direct democracy, or articulate itself into forms of representative democracy? How does it manage in the game of pressures and counter-pressures? Which hindrances are born and which new questions are necessary to confront? Finally, how are the strategies of enterprises and macroeconomic policies affected and how do they re-define themselves in light of the emergence of different actors of a global civil society?

All of these questions point to a specific necessity in terms of investigation. It is a question of mapping and qualifying the civil society actors, their values and profound motivation, their networks, their manner of action, their impacts, their possibilities and limits. And finally it is a question of analysing how, in its own identity, in its own proposals, in its forms of organisation and struggle, it is possible to identify a global citizenship in construction. Such an agenda can be at the centre of an initiative as that of NIGD.

Contributing to a Powerful Movement of Opinion at a Global Level

For a democratic and citizen re-founding of globalization, it is necessary that a lot of people, from different edges of the world, dream and believe that this is possible, as they animate a powerful movement of opinion and political pressure. The movement of ideas is a prior condition for social mobilisation to result in effective global policies leading to democratization.

It is a question of motivating, mobilizing, educating, making to understand, proposing and innovating, conversing and reinforcing politically different civil society groups, and, more specifically, those who are excluded or whose right in one way or another has been denied. We have to contribute to create a global voice and a resonance of ideas and values, of criticism and proposals, which refer to social justice, a more equitable distribution of richness, the sustainability of environmental inheritance, in the fight against poverty and social exclusion. It is also a question of diffusing and debating all these ideas. The promoting of events of repercussion and strategies of communication involving large-scale media, are particularly useful here.

Whilst thinking of the importance of the NIGD initiative itself, it is fundamental to recognise that its legitimacy rests on the quality of the arguments it contributes with to the global movement. This means producing useful knowledge to a movement of ideas, values and proposals, which have democracy and global citizenship as a

reference. That is why the project of research and the North-South dialogue depends on the relevance and the importance of the questions they point at, the creativity in the identification and formulation of ideas aggregating and mobilizing the emergent global civil society. Its legitimacy resides exactly in the capacity to develop a thinking identified by its issue of global citizenship and its orientation for the strengthening of a great movement of opinion and political pressure.

Systematization and Giving Visibility to the Proposals of Movements and Networks

The third junction of action has to do with the recognition that alternatives for the globalization promoted by markets already exist and are produced in the daily struggle among diverse civil society actors in all places. Many groups, although pressed by material survival, have often facilitated real miracles in order to guarantee their economical inclusion and their rights to respect. From the local where they live, people create solutions and weave a web of relations with which they strengthen their position as actors, whilst giving themselves a social identity, flags and organisation and forms of effective social participation. In their own development, through contacts with other groups, other movements and networks, proposals are formulated.

Evidently, the democratic re-foundation of globalization is a process from the bottom to the top, from the concrete lives of citizens of the world to economical structures and states, national, regional and global. Exactly for this reason, one cannot expect one unique proposal, in the manner that a unique thinking legitimizes the current globalization through markets. Because of the diversity of actors and situations, there are multiple alternatives under construction. The democratic force resides exactly in this plurality, leading to the establishing of a horizon from which human liberty and dignity realize itself in a frame of equality, which respects the social, cultural, environmental, economical and political diversity of peoples.

In terms of actual tasks, I consider as fundamental the effort to collect and systemize the proposals under elaboration, the alternatives in construction, the experiences still felt which are most of the times hardly visible to society as a whole. They show a possible future of democratizing political and economical structures, relations and processes of development. We can strengthen these structures and processes together and the global civil society has a lot to win from this effort, which gives visibility to what networks and movements already have proposed and practiced. Even more so, this is the condition for a plurality of alternatives to acquire cultural and political force, as an expression of the multicultural character of a global emerging citizenship.

Conclusion

This document was written with the clear objective of putting forward a point of view in the proposed dialogue by the workshop. Given the inclusion of the proposed theme in terms of “democracy and globalization”, many approaches are possible. I chose to focus this working document on the drafting of certain questions which depart from the movement of challenging the dominant globalization itself, and to see in them the theoretical and political implications and to identify possible lines of investigation and action.

Because of the explorative character of the document, it does not entail conclusions and it is open for debate, criticism, and suggestions. I hope to contribute with something for the discussion and I hope that the dialogue will be useful and fruitful. But from my engagement and militant view point, one could not finish a document without a concrete invitation for action, in line with the reflection and analysis of the workshop. I want to relate this initiative to the World Social Forum.

At the World Social Forum – the second one will be held in Porto Alegre, Brazil, on 31 January – 5 February 2002, but will later be turning around the world – all elements are present for it to be one of those benchmarks that punctuate the history of our generation. Events like these seem to define the time before and after them by containing a rupture and redirection of a historical movement. The changes they provoke may be immediate practical effects, or, and more probably, happen by way of understanding and evaluation of the possibilities and limits of human action in its diverse situations, relations, structures, cultures and historical processes. An event like the World Social Forum activates contradictions and liberates enormous creative energies.

The World Social Forum is an initiative of an emerging global civil society. It aims at valuing the practical struggle and participation of citizens in different societies, and seeks to give a global dimension to the proposals they produce. It wants to become a great movement of ideas which feeds itself on the diversity of human possibilities and points out the errors of the unique dominant thinking. Let us all join together in this initiative!

Democratizing the World: Reflections on Porto Alegre²⁸

Teivo Teivainen

Teivo Teivainen sees beyond the resistance to the globalization process and raises the importance of bringing in alternative initiatives into the discussions. He analyzes the initiative of the World Social Forum as an example of how the North may learn from the South instead of the traditionally reversed model.

On the one hand, democracy has become a widely accepted norm in our world today. More governments than ever before are eager to define themselves as democratic. On the other hand, the prevalent forms of democratic governance leave many important decision-making sites outside the reach of popularly elected bodies. Public and private economic institutions offer various examples of significant sites of power not governed by democratic rules. Many of these institutions transgress the boundaries of individual nation-states.²⁹

The concentration of power in transnational and global institutions was one of the most significant social processes of the 20th century. Nevertheless, democratic theory and practice have remained very nation-state centered. Although there were some examples of cosmopolitan democratic thinking and transnational democratic practice throughout the century, most analysts and politicians simply ignored them. An example of a reasonably moderate attempt to democratize global power relations, especially as regards the North-South dimension, was the 1970s project of the New International Economic Order (NIEO). It did not, however, lead to any significant redistribution of power and was considered a failure by most commentators of the 1980s and 1990s.

At the very end of the century, the public perception of the issues at stake seemed to be changing. While, for example, designating the undemocratic nature of the International Monetary Fund as a significant political problem was generally not taken very seriously in the early 1990s, in the last two years we have seen substantial crowds of people marching on the streets pointing out this problem. Global capitalism may have entered one of its most serious legitimacy crises.

²⁸ I thank Katarina Sehm Patomäki for her insightful comments.

²⁹ Elsewhere, I have analyzed this trend as transnational politics of economism. See e.g. Teivo Teivainen *Enter the Economic, Exit the Political*. Zed Books: London and New York, 2001 (forthcoming).

While the solidarity movements related to many of the earlier attempts to democratize global power, such as the 1970s NIEO project, tended to see the problem more in terms of inter-state relations, many of the early 2000s' movements are perceiving the world in a less state-centric manner. Instead of asking that a particular Third World state be given more decision-making power in global affairs, today's activists may ask for more power to the civil society groups that confront both governmental and corporate power all over the world. This trend holds many promising aspects. In order to imagine and construct institutional features of alternative futures, however, we may need political structures that "civil society", as it is generally conceived, is unlikely to deliver.

The December 1999 Battle in Seattle during the World Trade Organization meeting boosted the local, transnational and global organizations and movements protesting against undemocratic sites of global power.³⁰ Since then, Washington DC, Prague and Davos have been some of the scenarios of similar protests. These kinds of actions, however, by no means started in Seattle. For example, the December 1990 GATT meeting in Brussels was also surrounded by angry protesters, and a parallel meeting called GATTASTROPHE was held simultaneously by civil society groups. Across the Atlantic, a few months later in April 1991, a coalition of over 60 civil society organizations ranging from environmental groups to labor activists protested loudly against the New York Stock Exchange in an action called Shut Down Wall Street. Neither of these events gathered as many protesters as Seattle, but most of the themes and demands of post-Seattle movements were already present in the actions of the early 1990s and before.

More significantly but with less media attention, organized protests around these issues have been taking place in the more peripheral parts of our world. Some Third World observers, such as Camilo Guevara, characterize Seattle and other similar media events in the US and Europe as rather irrelevant for the great majorities of the world.³¹ While I cannot fully agree with his observation, it is undoubtedly true that in the poorer regions of the world there has been a lot going on before and besides Seattle. Middle-class youth protesting in a European or North American city have been much more attractive to the global media networks than impoverished peasants campaigning against structural adjustment programs in the South.

³⁰ ee e.g. Emil Sader: "Antes e depois de Seattle". *Observatorio Social de América Latina*, enero 2001, pp. 5–8.

³¹ In our September 2000 discussion in Helsinki, Camilo Guevara, whose status as the son of Che Guevara makes him some kind of politico-cultural ambassador of the Cuban government, argued that the Battle of Seattle expressed the illusions of an alienated Western youth.

The Brazilian World Social Forum

One of the countries with important organized protest movements already long before Seattle is Brazil. A strong trade union movement, the most energetic labor party of the continent and various social movements, such as the landless rural workers and Amazonian rubber tappers, have made Brazil an important and impressive site for globalization-related struggles. Even if the mainstream media has ignored much of the Brazilian social activism, these movements have been greatly admired by their counterparts in Latin America and elsewhere.

It was therefore no accident that in January 2001, the first World Social Forum was held in Brazil. The image that many European organizers of the event may have had of Brazil as an attractive place to visit may have played its role in this choice, but the political factors were decisive. In Brazil, the Federal Government is controlled by rather conservative social forces, even if headed by Fernando Henrique Cardoso, a sociologist who once was an important figure in leftist circles all over Latin America and beyond. In terms of getting official support for a radical event, the important factor in Brazil is that various state and municipal governments are controlled by the Workers Party PT (*Partido dos Trabalhadores*). The possibilities of autonomous state and municipal policies were enhanced by the 1988 Federal Constitution that increased resource transfer to and taxation powers of the local authorities.³²

Founded in 1980, the PT includes a wide variety of progressive forces, ranging from the Christian and social-democratic sectors to followers of Leon Trotsky. Porto Alegre, the capital of the Rio Grande do Sul state in southern Brazil, is in many ways the most important stronghold of the PT in Brazil. The party controls both the municipal and the state government, and has been able to implement innovative social programs. Porto Alegre was therefore a clever choice for hosting the World Social Forum, because both municipal and state governments were willing to allocate significant material and human resources to the event. On the eve of and during the Forum, President Cardoso gave public statements criticizing the Porto Alegre and Rio Grande do Sul administrations for wasting tax-payers money on the event, and the local authorities responded with equally biting remarks.³³

During the Forum, some 5000 participants of 117 countries, 1800 journalists and thousands of Brazilian activists interacted intensely during five days. One remarkable aspect of the meeting was that the local city and state governments not only tolerated

³² Rebecca Abers: "Overcoming the Dilemmas of Participatory Democracy: The Participatory Budget Policy in Porto Alegre, Brazil" (unpublished manuscript).

³³ "FHC volta a fazer críticas ao Fórum". *Correio do Povo*, 30.1.2001, p. 1.

but actively encouraged the gathering together of radical groups. Even though many of the groups that participated in Porto Alegre may not be internally very democratic, there was a significant amount of participation and inclusion at the inter-group level.³⁴ There was also a simultaneous inter-parliamentary forum, which helped to advance the dialogue between civil society groups and people elected through popular vote, often ignored in similar events.

Gender and especially racial tensions created some internal controversies in the meeting.³⁵ Even though during the Carnival and Soccer World Cup Brazil may show an image of racial harmony, racism is present in most walks of life, and it would be naïve to claim that it does not exist within progressive intellectuals' ranks. The presence of representatives of the Cuban government and of the Armed Revolutionary Forces of Colombia (FARC) also raised mixed feelings.

Among progressive Latin Americans, Cuba arouses less admiration than a couple of decades ago. Still, there are not many progressives who want to openly criticize Cuba's human rights violations, especially as long as the US maintains its blockade against the island. Open disapproval of Cuba's presence came from outside the meeting, particularly from the local press. The FARC guerrillas received a lot of sympathy from many participants. In Brazil, the relatively strong anti-US sentiments are often reflected in solidarity attitudes towards Colombian rebels, and there were even extra-official recruitment efforts to create internationalist brigades to travel to Colombia. Not all the participants, however, were happy with the presence of a group accused of committing atrocities.

In terms of naming and timing, the World Social Forum could be seen as a counter-event to the simultaneous World Economic Forum in Davos, Switzerland. But unlike Seattle, Washington DC, Prague and many other places where counter-events were held in the immediate surroundings of the official meeting, the spirit of Porto Alegre emphasized active proposals rather than reactive protest. There were no windows to break, no tangible enemy within sight. There was time to discuss what should be done to construct different futures.

³⁴ See Jackie Smith: "Transnational Mobilizations Against Global Trade Liberalism: Challenges for Global Institutions". Paper presented at the meeting of the International Studies Association, 23 February 2001, Chicago.

³⁵ "Grupo afro lamenta pouco espaço". *Correio do Povo*, 30.1.2001, p. 11.

From Anti to Alternative

Being anti-something can be politically useful, but only up to a point. The protesters of Seattle and similar events have been very effective in pointing out authoritarian aspects of the capitalist world-system. Even if various groups that have participated in these events do have programmatic statements for alternative futures, the way these events have been staged has not been very conducive in showing these futures to the world. The criticism of not being able to show a credible alternative, or any alternative at all, has become a problem for the legitimacy of the protest movements.

In Porto Alegre, one of the main aims of the organizers was to show that alternatives could be constructed, even if their exact content still remained somewhat vague. This search for alternatives was publicly regarded as positive by some establishment figures such as Enrique Iglesias, President of the Inter-American Development Bank, who had generally been quite critical of the global protest movement.³⁶ From a very different standpoint, the United Workers Socialist Party (PSTU) of Brazil lamented that the organizers had deviated from the important task of anti-capitalist protests in Davos and had instead gathered to discuss limited attempts to control the global economy.³⁷

The Porto Alegre participants did not produce any single final document that would express unanimously what is to be done. This is also due to the fact that the meeting was conceived as a beginning of a collective search for common ground, to be continued every year, rather than the final stage of a process. Thereby, the concrete results of the meeting are difficult to measure. They can certainly be found in the thousands of inter-movement encounters, exchanges of ideas and agreements that were born in Porto Alegre.

In most of the post-Seattle events, the protesters have often been labeled as “anti-globalization”, and some of them have used the expression themselves.³⁸ It would, however, be analytically faulty and politically unwise to simply define the movements as being against globalization, if the term is understood as the increasing transgression of nation-state borders on a worldwide level. Many of them are, I would claim, looking for a different kind of globalization, though some may prefer to use the older term internationalism. From a democratic perspective, the problem in some anti-globalization

³⁶ “Programada nova rodada para liberalização do comércio mundial: O presidente do Banco Interamericano considerou democrático o Fórum Social”. *Zero Hora*, 31.1.2001, p. 13.

³⁷ *Manifesto do PSTU e da LIT-QI ao Fórum Social Mundial*. Partido Socialista dos Trabalhadores Unificado.

³⁸ Walden Bello: “2000: The Year of Global Protest against Globalization”. A printed article distributed at the World Social Forum in Porto Alegre.

rhetoric is that one easily ends up with rather strange bedfellows. Professing anti-globalization pure and simple is not very helpful in terms of making a distinction between regulating the cross-border movements of speculative capital and those of black immigrants.

Outra globalização (another globalization) is an expression that has been emphasized by some of the key organizers of the Porto Alegre meeting.³⁹ Despite their insistence, the mass media in many parts of Latin America often talks of anti-globalization activists when referring to both Porto Alegre and some of the events inspired by it. The February 2001 protests related to a World Economic Forum regional meeting in Mexico and the March 2001 marches around the Inter-American Development Bank meeting in Santiago de Chile were the first big globalization-related protest events in Latin America after Porto Alegre, and the media coverage of them often referred to Porto Alegre as an important moment in the anti-globalization struggles.⁴⁰

For those who want to argue for the possibility of a different kind of globalization, also here the risk of ending up with strange bedfellows is by no means absent. It is not always easy to see the differences, if any, of the “alternative” globalization proposals with the idea of many business leaders that some democratization is necessary in order to make the global expansion of capitalism acceptable.⁴¹ Those who cling to anti-globalization discourse are often right when they claim that the alternative globalization strategies would only lead to very moderate changes. Often, but not always.

It is frequently assumed that in the anti/alternative divide of globalization debates, being “anti” represents more radical and revolutionary options, whereas the “alternatives” are on the side of more superficial reforms. In terms of thinking about how to democratize the world, this assumption is not very helpful. Within the alternative globalization specter, it is not difficult to find and even easier to imagine such political projects that strive for a globalization that radically transforms the world. While anti-globalization people can be pro-capitalist, pro-globalization people may be anti-capitalist.

Some of the debate and divide between the “anti” and the “alternative” is due to confused semantics or distorted categorizations. In order to fundamentally democratize the world, people who have chosen to regard globalization as a term that has been too

³⁹ Cândido Grzybowski: “Lógica econômica vs. lógica democrática”, in Grzybowski et al. *Neoliberalismo: Alternativas?* Rio de Janeiro: Publicações Novamerica, 1998, pp. 6–34. See also Boaventura de Souza Santos: “O princípio do futuro”, at <http://www.worldsocialforum.org> (4.4.2001).

⁴⁰ In retrospective, *Financial Times* described the Porto Alegre Forum as a success. “Free trade still rules in Mexico”. *Financial Times* 27.2.2001, p. 6.

⁴¹ Cf. Richard Falk and Andrew Strauss: “Toward Global Parliament”. *Foreign Affairs* Vol. 80, No. 1 (2001): 212–220.

polluted by its dominant usage and those that think it can still be given more progressive meanings can often work together. The Porto Alegre meeting witnessed many such encounters.

Can We Expand Democracy to the Global Level? Should We?

In Porto Alegre, various groups that explicitly want to create some kind of global democracy were present, though not very visibly. Global federalists, people for global referendum, socialist world-government plans, community-based global integration visions, democratizing United Nations proposals, and some other explicitly global democracy projects had their representatives in the corridors of the Catholic University. Even if the main theme of the meeting was in principle quite sympathetic to their ideas, there was not much general debate around the specific world-governance proposals.

A movement that has recently increased its visibility in Latin America, especially in Brazil and Argentina, is ATTAC. In fact, ATTAC was one of the main organizations that made the initiative to establish a World Social Forum. The regional coordination meeting of different Latin American ATTAC chapters in Porto Alegre reflected the lack of concerted visions of the future. While the idea of most ATTAC chapters was that worldwide mechanisms for taxation of speculative capital should be the main focus of their campaigns, the representative of Rio de Janeiro stated that these taxes are really not important: What does matter is the struggle for national sovereignty and especially against US imperialism. Debate on what kinds of global institutional transformations should be advanced in order to make this kind of taxation possible was soon shadowed by the debate on basic principles in the session. A different world was supposed to be possible, but too few sessions were dedicated to debating what it might look like.

Let us assume here that the “one person, one vote” principle is the most fundamental defining feature of democracy. In the inter-state system, the closest equivalent has been the “one country, one vote” principle. Now that the world is effectively governed according to the “one dollar, one vote” principle, it is quite easy to say that the UN General Assembly model would be more democratic. Although democratizing the United Nations has not been very prominent in the activists’ recent agenda, UN reform, and giving more power to the General Assembly, was proposed by some participants of the World Social Forum.⁴²

⁴² On why the atmosphere at the UN is “less encouraging for NGOs than it was just a few years ago”, see Smith: “Transnational Mobilizations....”.

For the cosmopolitan democratic projects it is, however, important to go beyond the “one country, one vote” idea, which is a variant of the “one group, one vote” principle. But what would applying “one person, one vote” on a global level mean? One meaning, sometimes formulated as a reform proposal, could be that if votes are to be weighted in some particular aspects of global decision-making, the weighting should be according to the number of people living in the unit that votes rather than according to the GDP it has. Another meaning could be to establish a decision-making body on the global level with representatives elected through global elections. Neither of these proposals would in themselves solve the problems of the world. But they could create spaces where solutions to the global problems could be discussed in a more democratic manner.

I think creating a popularly controlled global parliament is both feasible and desirable, though by no means easy or inevitable. This idea does not necessarily imply creating a global state, with all potentially totalitarian implications of such a state. Actually, a global state, if state is understood as a more-or-less direct replica of the modern nation-state structure, is close to being an oxymoron. Modern states were created in the context of an inter-state system. A worldwide political institution would have no parallel structure that it can be part of.⁴³

The talk of a global parliament, or any similar global democratic structure, is likely to encounter various kinds of resistance. From an anti-colonial “culturalist” perspective, a global application of an essentially Western idea of democracy is a typical example of colonialism. This kind of criticism is more common in, say, Eastern Asia than in Latin America where many of the elite members, including the majority of radical intellectuals, consider themselves belonging more to the Western cultural sphere. Correspondingly, this kind of critique was not very common in the Porto Alegre meeting, though eurocentrism was mentioned in various debates.⁴⁴

A more common doubt, as regards the desirability of global democracy, was that any global structure is likely to be controlled by the dominant forces of the world, even if formally “democratic”. Latin American progressive intellectuals and radical social forces have traditionally opposed any attempts that may sound like giving up national sovereignty to supranational organizations. In recent years, debates on the

⁴³ Similarly, being a “global citizen” can be a historically unique notion to the extent it is not based on an antagonism between the insider and the outsiders. See John Urry: “Globalization and Citizenship”. *Journal of World-Systems Research* Vol. 5, No. 2, 1999, pp. 311–324.

⁴⁴ See particularly Aníbal Quijano: “Colonialidad del poder, eurocentrismo y América Latina”, in Edgardo Lander (ed.) *La colonialidad del saber: eurocentrismo y ciencias sociales*. Buenos Aires: CLACSO, 2000, pp. 201–246.

role of the Inter-American human rights institutions have, however, reflected a partial change in some of these positions.

For some postmodern perspectives, sometimes formulated as anti-colonial arguments, the main problem with the idea of expanding democracy towards transnational and global spheres is that it relies on a modernist spatial metaphor: expansion. Many postmodernist insights can be useful for locating the political nature of various apparently non-political spaces, such as the traditionally understood international and economic spheres. While these insights can help us deconstruct existing power structures, they are less useful in constructing alternatives. Whereas the postmodernists tend to politicize for the sake of politicization, a radically democratic project may consider politicization a way to open up new social spaces for democratic claims.

Learning from Porto Alegre

Already before the World Social Forum, Porto Alegre was known for its system of participatory budget planning that many regarded as one of the most concrete real-world examples of participatory democracy. The municipality of Porto Alegre explicitly offers the participatory budget model, *Orçamento Participativo*, as a “role model for the whole world”.⁴⁵ Since 1989, when the Popular Front administration led by the PT came into power, citizen participation has been an important aspect of budget making in the city. Over 15 000 citizens participate every year to discuss the city expenditure budget, most of them from poor neighborhoods.⁴⁶

The participatory budget planning project has been a practical school of democracy and, according to some observers, has implied the emergence of a new ethical-political principle.⁴⁷ In terms of democratic representation, the project has not been without its contradictions. If one considers the legislature to be an important organ of democratic institutionality, it may seem problematic that the local legislature tends to have its powers diminished by the participatory budget planning.⁴⁸ In any case, it is fair to say

⁴⁵ “Participatory Budget: Here Participation Speaks Louder”. A leaflet of Prefeitura de Porto Alegre, distributed to the participants of the World Social Forum in January 2001.

⁴⁶ Abers: *Overcoming the Dilemmas...*

⁴⁷ Sérgio Gregorio Baierle: “The Explosion of Experience: The Emergence of a New Ethical-Political Principle in Popular Movements in Porto Alegre, Brazil”, in Sonia Alvarez et al. (eds.) *Cultures of Politics, Politics of Cultures: Re-visioning Latin American Social Movements*. Boulder: Westview Press, 1998, pp. 118–11.

⁴⁸ Brian Wampler, A Guide to Participatory Budgeting. October 2000 (unpublished manuscript), p. 48.

that it is one of the most impressive real-world experiments with participatory democracy on a municipal level.

Learning from the Porto Alegre participatory democracy can be helpful for cosmopolitan democratic progress in two ways. One is symbolized by the banner some local activists were carrying in the opening ceremony of the World Social Forum. The banner asked for global participatory budget planning, and at least in my mind it meant democratizing global economic institutions. It referred to the potentially global use of a local initiative.

Learning from Porto Alegre can, at the same time, help break the eurocentric and neocolonial structures of knowledge production that are dominant in our world. In traditional and even most branches of critical development thinking, areas like Europe are considered more developed than areas like South America. In other words, countries like Finland can show countries like Brazil glimpses of possible futures. “Developed” countries like Finland are therefore more adult, whereas countries like Brazil are still developing, more children-like. If we think of the world as a school, the former are the teachers and the latter are the students.

There have been many different kinds of criticism towards this idea, some of them based on cultural relativism. Less often has it been noted that countries like Brazil can show countries like Finland glimpses of their possible futures. We can, however, look at the informal sector and expressions of “multiculturalism” and note that these phenomena, seen as relatively recent in Finland, have been present in Brazil for a long time. To the extent these processes develop in Finland, we can talk of “Brazilianization” of Finland. The role of credit-rating financial institutions, visibly present in Finnish economic-policy making since the early 1990s, is another social phenomenon that has been taking place in Brazil earlier than in Finland.⁴⁹

If we take seriously that “developed” countries in the North should not be considered teachers of the “still developing” countries in the South, we should start a process of learning together. The Porto Alegre participatory budget policy is an example of democratic mechanisms that European governments, local and national and perhaps also regional, can learn from.⁵⁰ Without denying the usefulness of some forms of

⁴⁹ I have explored similar ideas in e.g. Teivo Teivainen: “Peruanización de Finlandia”. *Quehacer* 124, 2000, pp. 64–70.

⁵⁰ In order to avoid simplistic interpretations of anti-eurocentrism, one needs to remember that many of the “local” and “indigenous” habits in the non-European parts of the world have been influenced and inspired by Europe. For example, the emergence of participatory budget planning ideas in Porto Alegre, during the municipal electoral campaign of 1988, was inspired by the Paris Commune and the original Soviet councils of Russia. See Tarso Genro and Ubiratan de Souza *Orçamento Participativo: A experiência de Porto Alegre*. São Paulo: Editora Fundação Perseu Abramo, 1999.

traditional development cooperation, a more democratic cooperation would be based on the idea that both partners can learn from each other. Experts from Porto Alegre could, for example, visit Finnish municipalities and share the know-how they have on participatory budgets.

I suggest that thinking of Brazil as offering possible futures for Europe can have transformative implications for the cultural legitimacy of global power relations. I would claim that in order to analyze and struggle against the cultural and material inequalities between the North and the South we need to deconstruct the developing/developed dichotomy. We need to take seriously the idea that countries like Brazil can give important lessons about the futures of countries like Finland. Once we achieve this change in attitudes, we have better possibilities to advance along the global democratic transformations.

Building Global Democracy

Martti Ahtisaari

In the interest of the world, the European Union needs to exercise more political power in order to articulate an external identity in the globalization process, states the former President of Finland. The acute need for financial resources at the United Nations and for other initiatives could be helped by setting up a global lottery.

The title given to me includes assumptions that: 1) democracy does not exist in global governance, 2) globalization requires democracy and 3) it is actually possible to introduce democracy into the global system.

In the limited space available to me I will only touch on a few issues related to the subject. I will make remarks on the following questions:

- The position of nation states
- The global economical reality and governing of global economy
- A few suggestions for the current global institutions
- Some possible new elements which I recommend be added to our current action plan

Transformation of power

To be able to say something about the needs of global governance, we have to first understand what is happening to the current power structures in our societies and international community. We all know, that the classic accepted embodiment of legitimate identity, the nation state, has been losing ground, but not necessarily its influence. The loss of power stems from a loss of sovereignty. This is influenced by the globalization of core economic activities, of media and of communication among others.

The loss of power has caused a crisis for the nation-state as a sovereign entity. This in turn has caused a crisis of political democracy, as we have known it over the past two centuries. Since representative democracy is predicated on the notion of a sovereign body, the blurring of boundaries of sovereignty leads to uncertainty about the process of delegation of a peoples will. The nation-state remains crucially important because it is the only legitimate entity. However, there is a dilemma. On the one hand, the process of change increases the pressure on the nation state to influence and effect

decisions in the international arena and, on the other; it diminishes its credibility in the area of domestic policy.

I will quote Professor Manuel Castells to illustrate this point:

“What we are witnessing is, at the same time, the irreversible sharing of sovereignty in the management of major economic, environmental, and security issues, and, on the other hand, the entrenchment of nation-states as the basic components of this entangled web of political institutions. However, the outcome of such process is not the reinforcement of nation-states, but the systemic erosion of their power in exchange for their durability. This is, first of all, because the processes of relentless conflict, alliance and negotiation make international institutions rather ineffective, so that most of their political energy is spent in the process, rather than in the product. This seriously slows down the intervening capacity of states, unable to act by themselves, yet paralyzed when trying to act collectively. Moreover, international institutions, partly to escape from such a paralysis, partly because of the inherent logic of any large bureaucracy, tend to take on a life of their own. So doing, they define their mandate in ways that tend to supersede the power of their constituent states, instituting a *de facto* global bureaucracy.”

This whole question of global democracy is thus fundamental, not only in terms of governing global politics, but also according to the true nature of democracy. This does not make our challenge any easier. What we are also witnessing is that the globalization of capital, multilateralization of power institutions, and decentralization of authority to regional and local governments include a new geometry of power. Nation-states will survive, but with limited sovereignty. They will band together in multilateral networks, with a variable geometry of commitments, responsibilities, alliances and subordinations.

The nation-state will survive better if it manages to proliferate the forms of local and regional governments. The nation-state also has to build up constituencies, and negotiate with other national governments, as well as deal with multilateral corporations and international agencies. Empowerment of local entities may include a refreshing devolving element to the legitimacy of democratic structures. The era of globalization of the economy should also be the era of localization of polity. What local and regional governments lack in power and resources, they can make up in flexibility and networking. They are the only match, if any, to the dynamism of global networks of wealth and information.

At this stage I must say, that often the democratic deficit of local constituencies is not a result of global systems. Often the poor don't even have any say in their own

country. (This was a comment in the paper given to us by the organizers). And this definitely undermines the credibility of some of the discussion on global democratization. One has to avoid a situation where globalization discussion becomes an excuse not to carry out the changes absolutely needed in any country. One of such issues is the land ownership question, which largely prevents the rural poor to improve their conditions.

In the global debate, there are also new players on the scene, which aim to take part of the power. One of my advisers, Mr. Antti Pentikäinen, has studied the role of civil society, mainly that of NGOs, in global governance. He claims that while nation states struggle between the local interest and global impact when transferring power to international institutions, the NGOs, united in their networks, are taking part of the share. They can even become more powerful than individual nation states in global politics, provided that they can operate in unity. I agree, but the question still remains, whether the NGOs themselves have a vision and common understanding, what should be done with globalization? I must say that some of the recent 'so called NGO activism' is not at all supporting the elements of democracy – either in their countries or in global level.

Some remarks on global economy – and on poverty

The global economy itself has dramatically changed. Trade has increased enormously as transportation and communication costs have decreased. Multinational firms have taken on an increasingly large role, both in disseminating technology, creating a global market place, and moving capital. The global markets themselves have become extremely powerful.

During this process the economic inequalities have increased, especially during the last quarter of a century – the income gap between rich and poor countries. Not only this but the income gap between the rich and the poor in the world's population, has also widened. As a consequence of privatization and deregulation, capital has gained at the expense of labor. Trade liberalization has also caused a growing wage inequality. Structural reforms, which have cut tax rates and brought flexibility to labor markets, have reinforced these trends.

Among these causes, the problems in guiding market failures e.g. in Asia or Brazil, have brought into the question the operating systems and the objectives of international institutions which were created to prevent such market failures.

The globalization debate is also largely linked to the lack of equality and poverty. Actually the poverty debate is a good example of different approaches to globalization. One could say that there are roughly two protagonist groups involved in this poverty

debate: one in favor of a more rapid opening to global markets and the other which is against it. As Professor Ravi Kanbur has pointed out:

“In the debate it is easy to say that I am an angel and that other is a devil. That would be the end of the analysis. A more fruitful approach would be to ensure that there are two groups who intend to reduce poverty.”

Many NGOs in the least developed countries have taken different stands to their western counterparts. They are not pro state or pro market, rather they are pro poor. They are pro trade liberalization, because that will allow more people in their constituencies to enter the labor market. When they criticize globalization, they do not say that the trade itself was the result for the negative growth but rather the policy package that went along with the trade was.

George Apenteng, director of Ghana's Institute for Economic Affairs points this out: “People here want into the global marketplace; they know it's the only way out of poverty. But people here are also worried they won't be able to compete and that (Western) markets aren't as open to what we can sell, for example agriculture, as our markets are”.

The real poverty debate should focus on the policy package. We should not concentrate on whether trade or growth is good or bad. The main disagreements concern (again quoting Ravi Kanbur) “aggregation, time horizon, market structure and power”. That should be the focus of the analysis and the debate.

But at this point I must say that I largely agree with Jagdish Bhagwati, the Indian-born Columbia University trade economist, who has claimed: “We should work to extend the benefits of globalization and freer trade to the truly poor in Africa, and not deny them these opportunities. Simultaneously, we should be working for an adjustment assistance and the retraining for our own workers, so they are not themselves abandoned to the unregulated forces of international competition.”

For me, what is personally important is: that we are the first generation in world history, which has had the means to eliminate absolute poverty. This is extremely important. How can we make the system benefit more people?

Elements of global governance

Governance is largely about rules and institutions that regulate the public life. A democratic system seeks to provide for equal participation of all. Good governance is a process, characterized by communication and consultation, through which disputes are resolved, consensus is built and performance is reviewed, on a continuous basis, as we well know. But we know well enough also that to a large extent the existing arrangements of global governance do not meet these attributes.

While the traditional fragments of power are reshaping, what should be done? Globalization itself does not create solutions for the crisis of democracy, nor does it transfer power to new, effective democratic bodies. Global governance institutions have to be created – by our political decisions and actions.

According to opinion polls, it is highly unlikely, at the moment, or in the foreseeable future, that the majority of citizens in any country would accept full integration in a supranational, federal system.

I must say, that I agree with the author of another of the contributions to this volume, Minister Erkki Tuomioja, who has warned us not to undermine our existing democratic institutions. We should not think that it is possible to jump into a new system without a serious risk of damaging the existing and operating institutions that are largely within the nation states.

But globalization needs global politics and operational institutions. These institutions are needed to define the problems and provide solutions to global issues such as human security, child labor, human rights, environmental risks, poverty etc. Joseph Stiglitz has identified the concept of global “public goods”, which are not limited to a particular country. He names six such global public goods: global security, global economic stability, knowledge, global environment, humanitarian assistance and global health.

Joseph Stiglitz also says: “In the past sixty years, global institutions have been established to address, in part, each of the areas identified above. And many of the international institutions play a role in the provision of several of these public goods, or the regulation of several of the global externalities.” In the analysis of global goods we also need to realize the interdependence of these goods. For example, there is a clear relationship between economic equality and security issues. For instance, policies that increase unemployment or dramatically lower incomes may lead to civil unrest, or even to conflict.

As Stiglitz says: “global policy needs coordinated actions, global democratic bodies and operational institutions. The creation of a more democratic structure of governance in global policies and the world economy must, in my opinion, begin with existing international institutions”.

UN and other global institutions

The Charter of Global Democracy, drawn up by some British MP’s and some scientists including Anthony Giddens, states well the current situation of the United Nations: “Global government is not currently found at the United Nations. Rather, the UN has been sidelined, while the real business of world government is done elsewhere. Global policies are discussed and decided behind closed doors by exclusive groups, such as the

G8, OECD, the Bank of International Settlements, the World Bank, the International Monetary Fund, the World Trade Organization and others.”

Changes in the world, particularly during the past decades, have eroded the legitimacy, the effectiveness and credibility of the UN. At the same time the process of globalization has in fact given rise to new problems and governance needs for the UN. Naturally the UN has not quite adjusted to these changed realities. The United Nations must sooner or later face the needs of globalization and must change to remain as a key element in the future global governance.

BOX 14

Just recently, WIDER (World Institute for Development Economics Research) published a study on “New Roles and Functions for the UN and the Bretton Woods Institutions.” When the study was published the writers claimed:

“Historical experience suggests that crisis are the catalysts of change. The last time around, it was the aftermath of a world war and a worldwide economic depression that led to a foundation of the United Nations system and the creation of the Bretton Woods institutions. The world need not wait for another crisis of such proportions to contemplate and introduce the much needed changes in global governance.”

I agree. I remember my own UN days. We used to say that all of us know what should be done but none actually how it could be done. I think that it is also the case today. There are enough ideas on what should be done. For example, a WIDER-study proposes:

- 1) Reform of the Security Council and circumscription of its veto powers.
- 2) Independent funding.
- 3) Establishment of Volunteer Peace Force.
- 4) Global Parliament.
- 5) Economic Security Council.

But are any of these proposals realistic? Some could be, others not. Without entering the debate further I will now recapitulate few proposals, which I have been advocating:

In the creation of global justice, e.g. what ICC presents, there is one minor step, which could help the UN and Security Council to be able to operate in conflicts, which occur in a sovereign state. I have proposed to give the Secretary General a right to independently consult the International Court in Hague whether action is needed or not. This would force the members of Security Council to, at least, face the human

security issues from the point of view of global independent justice, not only from strict national interests.

My second proposal relates to one of the key topics of this seminar, the Tobin Tax, which I know to be an interest for few of my former colleagues as well. The UN desperately need's financial independence. The steps to launch systems like the Tobin Tax, even if they became operational, might be too long to wait for. I have been thinking about a world lottery, which would partially facilitate the financing of UN activities.

Reform and change in the Bretton Woods institutions is an essential element in any design for governing the world economy. Change is not a new issue there. The Bretton Woods institutions have even recently gone through changes. The World Bank has also changed its role from reconstruction to development and emphasized much more issues such as poverty.

The world community needs new institutional frameworks to manage global macroeconomics. It cannot be left to the market alone and should be extended beyond G-7. The financial architecture should be concerned with crisis management and prevention, it should also enable developing countries to integrate into the world economy in a manner that promotes rather than hinders development. To summarize, policy discussion may be our only hope – in my opinion.

The role of the EU

We need new tools to influence globalization: even new democratic governmental tools. In a national context, particularly in the case of globalization, the old institutional arrangements may not be able to meet the challenges of global politics. The traditional diplomatic and development cooperation channels have lost some of their relevance and significance. At the same time channels of external impact gain significance. For example, trade has become a powerful instrument of foreign policy.

At the moment, when observing the global role of the EU and as a former president of a EU Country, I cannot be fully satisfied. The experience of European Union and its member states in the process of globalization is a paradox. While the EU (with its member states) is one of the two more influential actors in all dimensions of the globalization process, and often even the most influential one, it does not exercise a visible influence on the process of globalization as a whole. The reason and also symptom of this paradox is the lack of vision, or a lack of institutional co-ordination mechanisms or a lack of ideological consistencies between its various channels. Thus, there is a lack of external impact. In other words, the EU can hardly articulate and express an external identity in the global society, nor act effectively to address global issues.

I share the hope of the current Commission: “Our objective must be to make Europe a global actor, with a political weight commensurate with our economic strength; a player capable of speaking with a strong voice and making a difference in the conduct of world affairs.” (Communication, February 2000).

I want to underline, that this is not only a question of the EU’s internal interest. In my opinion, the world as a whole needs EU to strengthen the principles and practices, which we hope to achieve in global context. Many of the principles, which this union is based on, are also the principles we would like the globalized world to respect. At the heart of the process of European integration is a sentiment of solidarity that stems from the necessity to live together. That sentiment of solidarity is very powerful because it can be expanded beyond borders. Global influence is also a matter of responsibility.

The EU has been created because of an internal interest to prevent war. This does not make the external influence for EU an easy task. Anyhow the EU and its member states exercise a lot of influence in globalization through a multiplicity of channels: by being leading members of multilateral organizations such as the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO); by providing, together, 55 per cent of official development aid; by engaging in far reaching regional agreements with countries in Africa, Asia, Caribbean etc. Still the EU has failed to co-ordinate its policies especially in World Bank and IMF in any significant manner.

In the UN processes the EU President co-ordinates the EU position. Recently the EU has played a progressive, influential and constructive role in these processes. The EU member states are also the main owner of the two multilateral banks: the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

Despite all these channels the EU is seen as a fragmented actor and to lack clear global policies and strategies. By such fragmentation, the EU can also be held responsible for some of the global problems brought about by globalization. Because it has the instruments to shape the globalization process, the EU should also embrace the responsibility to act.

The international conditions are such that it would be opportune for the EU to put its external identity on top of the integration agenda, as the new Commission has proposed. The end of the cold war has freed EU member states to develop a more independent role in global affairs. And the enlargement of the Community in the early 1990s, the deepening of its economical integration, and the creation of the Union itself; has transformed the Union into a great economic and financial power that needs to position itself on the international scene.

The Finnish Government has recently prepared a policy on globalization and I am eagerly looking forward to study it.

Europe Must Face Globalisation⁵¹

Erkki Tuomioja

Democracy is spreading across the world, but so is disillusion about its workings. The key to the paradox is globalisation, says the Finnish Foreign Minister. Globalisation is potentially positive, but to make the best of it a common approach is needed, rather than 'them and us' politics. The EU in particular must face this challenge, if it is to deserve the loyalty of its people.

Our world is characterised by many paradoxes. Take this one, for example. Democracy has never been as widely spread in history as today, as measured by both the absolute number and proportion of people who can elect – and dismiss – their leaders in fair and free elections. At the same time, we have probably never witnessed the same degree of disillusion regarding the ability and will of our democratically elected representatives to deliver what their electorates expect of them.

There is a growing feeling that the forces and events which shape our lives are out of control – certainly beyond the reach of the controls exercised by democratic governments. That politicians – when in government, but increasingly in opposition as well – have become powerless. To hide this, they become marketeers whose task it is to sell to the voters the current version of TINA – There Is No Alternative. Instead of voting being a choice between different directions that can affect one's own life and that of others, it is felt to be a sort of theatre, or entertainment, which will make little difference. It is coming to be seen as an exercise in fatalism. The result is falling participation rates in elections and growing extra-parliamentary activity, including violent demonstrations.

The EU – agent or master of globalisation?

The key to explaining this paradox is globalisation. The international character of economic and political interdependence is nothing new. But now it is being combined with the spectacular development of new technologies, information and communication technology in particular, to create a new phenomenon which people are now struggling

⁵¹ This article has previously been published in openDemocracy.net – in its Europa debate. For more information see www.openDemocracy.net

to come to grips with around the world. But each major region is doing so in its own way. The institutional debate that many European Union officials are now calling for must be our response to globalisation.

Voter turnout in national elections in Europe, though falling, may still be much higher than in the United States. But, except in countries where voting is compulsory, participation across the Union in our European Parliament elections is often lower than American levels. The 34 per cent turnout in the Irish referendum which recently rejected the Nice Treaty on enlargement was a warning to us all. As Paul Gillespie pointed out in the second issue of *openDemocracy*, a process which has delivered peace and unprecedented economic growth shows little sign of arousing positive public support anywhere across the continent.

The main reason for this is the failure of the EU to measure up publicly to globalisation. Is the European Union an instrument for imposing it upon us, and making its impact all the more inescapable? Or is it a means of gaining some degree of control over it and defending Europe from its adverse aspects?

Voters may be wrong to turn away from traditional national politics. But they are surely right to insist, quietly but in huge numbers, that the EU must address the evident powers and importance of global change, from international corporations to the regulation of trade, finance and communications. This, after all, is in large part what it is about. By all means let us have a discussion on the nature of the European constitution, for example. But it will be a hollow debate unless it tells us how this constitution will help Europeans confront globalisation and make corporations, NGOs, and other international bodies more accountable.

Globalisation – potentially positive

I firmly believe that globalisation is not only inevitable, but, is on the whole *potentially* positive.

Positive, because it entails a powerful impetus for the increased creation of wealth and prosperity through a deepening division of labour and international cooperation.

Positive again, because the phenomenon has vastly increased the possibility for freedom of speech and expression to bloom. It has opened access to new communication technologies which repressive governments can no longer censor or control. It is now more difficult for perpetrators to cover-up violations of human rights, and for others to ignore such repression without reacting.

But only *potentially* so, because today the increase of wealth and prosperity is being distributed more unequally than before, between and inside countries and regions as well as globally. Furthermore, a growing number of people face complete marginalisation and risk ending up in abject poverty.

Potential again, because globalisation based on neo-liberal free-market values can intensify environmental damage. It can also be socially damaging, destroying sustainable communities and threatening established welfare systems, which can never be replaced by purely market-based solutions. It can threaten core labour standards and weaken trade unions, as well as national and minority cultures.

A new project is necessary

“All that is solid melts into air.” This description is frequently invoked to characterise our time. In fact it was originally used to describe the world as Karl Marx and Friedrich Engels saw it more than 150 years ago. But the threats and challenges identified in the Communist Manifesto were successfully thwarted and dealt with because new social movements for social justice and democracy – primarily, although not only, the labour movement – were able to harness capitalism through economic and social reforms that laid the foundations for the welfare societies of today’s developed world.

The internationalist credo of the labour movement notwithstanding, this was essentially a national project realized through the democratic institutions of independent and sovereign nation states. A similar project is no longer workable. We live in a world where global market forces (even more threatening because of their anonymity) undermine or dilute the instruments we have historically employed to steer our economies and redistribute wealth. Globalisation thus poses a demand to develop strong new democratic policies and institutions for international and global governance.

It would be nice to be able to say that we have already established the institutions for this. Unfortunately many people see organisations such as the European Union and the World Trade Organisation as being the problem, rather than the solution. If voters are to be persuaded otherwise, it is necessary for these institutions to take a new direction. Their decisions and actions must show that they are helping to take us towards better and more equitable government of the global forces now re-shaping our world.

Not ‘them and us’ but ‘we’

It is imperative that we work hard to bridge the increasing gap between the politics of representative democracy and international organisations on the one hand, and the perceptions of our electorates regarding our ability and will to deliver results on the other.

I do not, however, believe it is enough to arrange well-intentioned dialogues between the governing institutions (the European Commission or Parliament, the WTO, the World Bank) and 'civil society' (NGOs, trades unions, activist groups). This kind of dialogue is still based on a 'Them and Us' dichotomy.

Instead, we need to bring back the undivided 'We' into politics and decision-making. This has to be the *shared* responsibility of social movements and political parties, not just governments and institutions.

Obviously this does not exclude institutional reforms of the EU especially. On the contrary, it is more pressing than ever. But it should not be proceeded with as an idealistic exercise which is then presented as a gift from above. Rather, it needs to come from the common articulation of solutions that promote social, environmental and economic sustainability. This reform process cannot succeed if it is either 'top down' or 'bottom up'. We now need to reform the government of Europe in the manner with which we intend to continue. A government of equals is the aim, and the reform of its government today must respect the equality of all.

This is not to say that we do not have different interests, perspectives and objectives. But if ecological arguments have achieved anything, they have persuaded people that Europeans share a single continent, which also has planetary responsibilities. The reforms of the EU must address this and be seen to do so. If the European Union does not engage in an open and positive way with globalisation, it will forfeit the right to ask voters for their loyalty and support.

Summary

Leena Rikkilä and Katarina Sehm Patomäki

Towards partnership

A majority of the contributors from the South seem to share the strong view that globalization – in its present form - is a uniquely negative phenomenon. They want the process to be halted. The contributors from the North, on the other hand, see the globalization process as inevitable and, therefore, focus on ways to help more people benefit from the process. In some ways, this setting reflects the gross division of beneficiaries and losers of the globalization game.

Satu Hassi, Minister of the Environment and Development Cooperation of Finland, lays before us the idea of how the present power relations could be obtained by looking at how different countries would be represented in a “World Parliament”. This World Parliament would be based on the size of population rather than the present systems of one dollar, one vote (as practised by the Bretton Woods Institutions), the one country, one vote (UN system) or consensus (the World Trade Organization and many UN conventions). Her model shows how China would have five times more influence than the US, and India four times more.

Satu Hassi also emphasised the importance in shifting the weight from negotiations to an open ended dialogue, where the parties enter interaction with their values rather than pre-set objectives, and with openness for new solutions when debating on globalisation and democracy. The North and the South should see each other as equal partners rather than opposing negotiators. In continuation to this argument, Steve Kayizzi-Mugerwa analyzes further the discussion on dialogue and partnership from an African, or Southern, point of view. He refers to the Swedish and British governments’ reports on development cooperation policies. He says that the new donor thinking has been generating more questions than answers. For instance, who sets the rules for partnership? Will the rules be based on standard values of Western democracy? How will values ‘commonly shared’ by Africans be represented? Kayizzi-Mugerwa shows that despite the fact that there seems to be a genuine need to move away from the confrontational approach, partnerships can be exclusive by their very nature.

Neoliberalism versus democracy?

Former Prime Minister of India, Chandra Shekhar, elaborates on the experience of the recent past in India. The manner in which the liberalisation package of 1991 was adopted has led to serious deficits of national and local democracy in India. This experience raises questions on whether globalisation is really meant for development? Can the state apparatus be replaced with the market-oriented system? Or, should external organisations, which are neither responsible for failures nor accountable to the people be allowed to impose liberalisation policies on individual nations?

An alliance between the Empire, as Yash Tandon calls the anglo-saxon world, and the national democratic forces is an alliance between two asymmetrical forces with more contradictory than complementary interests. Tandon points out that in such an alliance, the democratic forces usually lose out. This is the recent experience of what happens when democratic forces in Africa make a tactical alliance with the former, or successor, imperial forces.

Tandon poses a challenge especially to the Nordic audience. He argues that there are shared issues and concerns about globalization. Can the Nordics see that they are affected by many of the same processes as the Africans? Don't we, therefore, have a common obligation to understand what drives the present struggles over global governance and democracy? Moreover, in order to analyze and struggle against the material and cultural inequalities between the North and South, it seems that we would need to deconstruct the developing/developed dichotomy and engage ourselves in a genuine dialogue with one another. In order to build this understanding, should we not give the role of a teacher, to the Brazilians, for instance, for a change, as Teivo Teivainen suggests?

From India, K. Ashok Rao and Vijay Pratap say that people, not profits, must be put at the center of globalization. Rao shows how the World Bank-led privatization process in India was a one-way process leading to the takeover of Indian assets by multinational corporations, as opposed to Indian national capital. He also rejects the argument that the public sector in developing countries should be privatized in order to achieve a trickle-down effect of wealth. In unison with Yash Tandon earlier, Rao speaks of globalization as a colonialization without physical occupation. Imperialistic practices must be stopped and replaced by democratic practices. As measures he suggests the restructuring of the debt of the South, the implementation of a tax on speculative capital (a Tobin tax), and the importance of making the IMF and the WB accountable to the very people they seek to "restructure". Finally, Rao also wants the polluters to pay for polluting and the North for disproportionate consumption of natural resources.

Vijay Pratap discusses how the hegemonic neo-liberal policies sacrifice human dignity for profit and how the globalization of these policies signifies the negation of human

rights, the collective wellbeing, the conservation of the environment and neglects common goods and human rights. Vijay Pratap reminds us of Gandhi's advice that he gave to a group of Christian workers from the USA in 1936:

“[...] when Americans come and ask me what service they could render, I tell them, “if you dangle your millions before us, you will make beggars of us, and demoralize us. But in one thing I don't mind being a beggar. You can ask your engineers and agricultural experts to place their services at our disposal. They must come to us not as lords and masters, but as voluntary workers”.

There is a crucial ambivalence between promises of recognition for nations, groups and cultures of globalization, and its simultaneous threat of subversion of cultural particularity and political self-rule. Therefore, globalization tends to contribute to the growth of radical cultural nationalism and violent fundamentalism. As Vijay Pratap warns, there is danger that issues like democracy, human rights, and women's rights can be labeled as “western values” by various oppressive forces. Should we not study the links between globalization and the rise of violent fundamentalism, and analyze and introduce various cultural ‘traditions of tolerance’? Globally, perhaps the most important task of our times is to respond to threats from any kind of fundamentalism.

The method Vijay Pratap proposes is the Gandhian method of non-violent disobedience. What is needed is a thorough open dialogue at all levels. We need to create a framework for coalescing together the various strivings on earth for a universalistic humanistic democratic front. Gandhi's wisdom that the Rest needs to resist injections from the West contains a warning. Instead of digging trenches for each other, we should identify means and mechanisms that can reveal new possibilities.

The Minister of Foreign Trade of Finland, Kimmo Sasi, discusses the recent Third United Nations Conference on Least Developed Nations and the adopted Programme for Action that aims at reducing poverty and promoting sustainable development in the LDCs. As the means to do this he sees the liberalization of trade and opening of markets. But, he says, developing countries also face constraints in their human resource base. By improving access to education and skills needed in the new economy developing countries will be better positioned to compete in the world market.

The World Social Forum

Cândido Grzybowski from Brazil argues that the globalization process has also brought with it an opportunity to create and further another form of globalization. He warmly welcomes the World Social Forum, the annual meeting place for civil society organizations that was launched in January 2001 in Porto Alegre, Brazil. The WSF

provides a space where non-governmental movements can meet up, discuss, collaborate regarding mutual interests and support each other in furthering their causes.

The fight for new forms of integration, and for the inclusion of the rights of global citizenship, is crucial. In this vision of alternative globalization, democracy acquires a radically new positive meaning. Democratization in this global sense could become the central strategy in attempts to confront social exclusion and environmental destruction.

The transferral of political power from states to corporations and other non-democratic organization have also led to the birth of a global civil society. Its existence was crowned with the creation of the WSF. Although formally without power and not connected to the practices of global decision making, the WSF initiative is applauded as a first step in a new direction. However, in order to guarantee its success, the diverse input into the WSF needs to be systematically analyzed and, then, cultivated in practice.

The concentration of power in transnational and global institutions was one of the most significant social processes of the late 20th century, says Teivo Teivainen. Nevertheless, democratic theory and practice have remained very nation-state centered. In practice, the process of globalization has led to the systematic transfer of policy making power from the nation states to the international and has led to the concentration of power in the hands of neither democratic nor transparent global institutions.

Over and over again more people revolt. Global capitalism may have entered one of its most serious legitimacy crises. However, it is clear that mere resistance is insufficient in creating a global wave of democracy. The birth of the global civil society proves that the world is not for sale. We need to actively create a project built on elements from various other projects and processes in the world.

Towards a democratic world

According to President Martti Ahtisaari, the UN needs financial independence. This could be achieved either through a Tobin tax system or a world lottery, which would facilitate the financing of UN activities. President Ahtisaari also stated that the world community needs new financial architecture to manage global macroeconomics, to be concerned with crisis management and prevention, and to enable developing countries to integrate into the world economy in a manner that promotes, rather than hinders, development. This task cannot be left to the market alone and should be extended beyond G-7(8). The UN Secretary-General should also have the right to consult with the International Criminal Court, ICC, in the Haag.

Ahtisaari also strongly supports a stronger role for the EU on the global arena, a point that is discussed further by Foreign Minister Erkki Tuomioja. The idea to commensurate the external identity of Europe with its power was not warmly welcomed by everybody. Yash Tandon said that “we in the South, want a reduction of that very power (of Europe). We want space, space to think. That power is already so big.” Tuomioja says that globalization is potentially positive, but to make the best of it a common approach is needed, rather than ‘them and us’ politics. The EU in particular must face this challenge, if it is to deserve the loyalty of its people. In line with Satu Hassi earlier, he touches on the issue of falling voters turnout in national elections. The EU must listen to the voters when asked to address the evident powers and importance of global change, from international corporations to the regulation of trade, finance and communications.

Recommendations

The heart of the workshop that the material of this book is derived from constituted of two working groups. The first working group discussed the need to democratize the present global institutional arrangements, whereas the second group focused on the potential need for new institutions.

Both working groups emphasized the importance of the global civil society and the need to introduce it to the global decision making process, be that in the form of a People’s Assembly of the United Nations or a People’s Commission to the WTO. Many proposals included the notion that the work could feed ideas to, and be inspired by, the World Social Forum.

To mend the present democracy deficit in the world system, the groups discussed the establishment of a World Parliament, a Tobin Tax Organization (a tax on currency transactions) and the set up of collecting fees for carbon dioxide emissions. A World Parliament, however, needs to be thoroughly prepared in terms of its powers and also regarding matters of representation. It was stated that a WP could be part of the overall future vision. A Tobin tax could invite to the killing of two birds with one stone. Firstly, the tax, while curbing financial speculation it also has the potential to draw substantial financial resources for global needs, for instance the alleviation of world poverty. The set up of a Tobin Tax Organization also comes with a route map and clear vision of how to ensure democratic decision making on a global level. A collection of carbon dioxide emissions has already achieved diplomatic backing.

Moreover, the discussions brought forward the idea of later summit meeting, a global conference on global democratization, modelled by the Conference on Security and Cooperation in Europe held in Helsinki in the late 1970’s. The expected outcome

BOX 15

Summary of the Proposals

List gathered by Marko Ulvila, Special Adviser to the Minister for Environment and Development Cooperation.

I. Political democracy

- Reform of the UN-civil society dialogue
- World Social Forum
- People's Parliament (at the UN)
- South-North Truth Commission
- World Parliament-process
- Diplomacy in the use of democracy
- Hierarchy of decision-making standards
- World Conference on Democracy

II. Economic democracy

- WTO, level playing field and civil society assessment
- BWI, balance on decision-making
- Tobin tax, carbon emission fees
- Terms of trade
- Debt cancellation
- UNU/WIDER & the post-Washington consensus
- Ownership of resources, especially land

III. Social democracy

- Global public goods and the funding of these
- Global lottery for the UN
- Rethought aid (transformed) à global justice fund
- Partner review on aid

IV. Ecological Democracy

- Water and air fundamental human rights – not for sale
- CO2 emission quotas à contraction and convergence
- People's control of natural resource

V. Cultural democracy

- People's knowledge coalition forum (glocal)
- Think-tank network
- Gender balance

of such a conference could be the institutionalization of networks or processes, steps leading towards a World Parliament or the launch of global taxation, such as the currency transactions tax, or 'global fees', such as the carbon dioxide fee.

The way forward

In conclusion, alliances between national liberal-democrats and forces of neoliberal globalization do not necessarily lead forward in opening up a genuine global dialogue or creating better institutional possibilities. On the other hand, mere resistance is defeatist and often nostalgic. So how should we proceed? Under Secretary of State, Pertti Majanen, has proposed an Agenda for Action to be taken by various stakeholders; government, research networks and social movements. Their mission will be to explore the idea of a North-South truth Commission, feed the outcomes of the workshop into other processes and to promote and facilitate further dialogue on democracy.

We hope that this book has given the reader new insights as well as inspiration to take on the challenge to further democratization in our globalizing world!

About the Authors

President **Martti Ahtisaari**, President of Finland 1994–2000. Before his election as President, Ahtisaari forged a career as a diplomat in Finland's Ministry for Foreign Affairs and the United Nations. Ahtisaari holds positions in various international organizations, including the co-chairmanship of the EastWest Institute, and chairmanship of the International Crisis Group and War-Torn Societies Project International. Other post-presidential assignments have included appointments as an independent inspector of the IRA's arms dumps, and a member of the committee assessing the Austrian government's human rights record.

Cândido Grzybowski is a Doctor of Sociology. Presently, he is Director General of the Brazilian Institute of Social and Economical Analysis (Ibase) in Rio de Janeiro. Previously, he has worked for the Getúlio Vargas Foundation and at the Federal Rural University of Rio de Janeiro (UFRRJ) as Professor of development sociology and Researcher of social movements and civil society organisations.

Satu Hassi is currently Minister of the Environment and International Development Cooperation of Finland. She has been member of the Finnish parliament since 1991 and cabinet minister since 1999. She was the party chairman of the political party Green League of Finland from 1997 to 2001, and has also held other positions in the same party. She has a licentiate in technology-degree, and has worked as research engineer in the private sector and at the Tampere University of Technology. She has also been a full-time writer, and is the author of several books published in the 1980s and 1990s.

Steve Kayizzi-Mugerwa is Associate Professor in Economics at the University of Gothenburg and Project Director and Research Fellow at the World Institute for Development Economics Research (WIDER) of the United Nations University, Helsinki, where he directs a project on African Institutional Capabilities and Reform Ownership. He has also worked at the African Development Bank in Abidjan, Côte d'Ivoire, and done consultancy work for the World Bank, the OECD Development Centre and the Swedish Agency for International Development Cooperation (Sida). His recent publications include as editor *The African Economy: Policy, Institutions and the Future* (Routledge: London and New York) and as co-author with Arne Bigsten, *Crisis, Adjustment and Growth in Uganda: A Study of Adaptation in an African Economy* (Macmillan: London).

Vijay Pratap is a founder member of Lokayan (the organisation which received the Right Livelihood Award in 1985) and he co-edits the Lokayan-bulletin. He is also Chairperson of People's Transport Council of Lokayan and a Founder member of People's Campaign Against Globalisation – a rainbow coalition. Pratap is also an organiser of Vasudhaiva Kutumbakam (Global Forum for Responsibility towards Democracy) – a forum for evolving a comprehensive view on democracy, which is simultaneously nationally rooted as well as global.

Since 1989, he has been associated with the activities of organisations in Finland – the 'Third World Connection' (a network of movement individuals), the Coalition for Environment and Development, and the Service Centre for Development Cooperation (KEPA) – in campaigning for democratising north-south partnership and improving the quality and impact of aid in general, and in the voluntary sector in particular. He is also convenor of 'Dialogues for Democratic Consolidation in South Asia' at the Institute for Comparative Democracy – Centre for the Study of Developing Societies (CSDS), Delhi-54.

K. Ashok Rao is the Secretary General of the National Confederation of Officers Associations of Central Public Sector Undertakings – which affiliates managerial and supervisory staff working in enterprises owned by the government of India. He is an activist of the All India People's Science Network – the people's science movement includes the popularisation of science, appropriate technology and the literacy movement. He is the convenor of the National Working Group on Power Sector and a member of the National Working Group on Patent Law (that now covers the entire gamut of Trade issues), both of which are non-governmental think tanks. He is a member of the Governing Body of the Lady Irwin College, and he was a member of the Board of Studies, Faculty of Managerial and Entrepreneurial studies at Bharatiyar University. He has written extensively on issues relating to the public sector, management, electrical power sector, science policy and industrial relations.

Kimmo Sasi is Finland's Minister for Foreign Trade. He studied law and economics in Finland and has a Master of laws degree at the Columbia University, NY, USA. Since 1983 he has been a Member of Parliament for the National Coalition party.

Chandra Shekhar, former prime minister of India (1990 –1991), served as a parliamentarian from 1962–1991. He is also the founder and editor of the weekly "Young Indian" (1969–1975) from New Delhi. He played a major role in uniting a number of opposition political parties to enable them to give a combined challenge to the Congress in the sixth Lok Sabha elections. He became President of the newly-

united party, the Janta Party, on May 1, 1977, and was continuously re-elected to the post till he stepped down on April 30, 1988.

Chandra Shekhar is currently engaged in intense political work by training social and political workers for mass education and for undertaking grass root work in the backward pockets of the country.

Professor **Yash Tandon** is from Uganda, and has been resident in Zimbabwe since 1982. He has taught at several universities in Africa including Makerere in Uganda and the University of Dar es Salaam. His special field is political economy. He is a founder member and the first Director of the International South Group Network (ISGN). ISGN is a networking organization with centers in South Africa, Zimbabwe, Burkina Faso, the Philippines, and Nicaragua. It seeks to raise issues of common concern to the countries under the former colonial rule, such as development, trade, aid, debt, human rights, gender relations, conflict resolution, the environment, etc. Professor Tandon is also Director of the Southern and Eastern African Trade Information and Negotiations Initiative (SEATINI). SEATINI seeks to build the capacity of African trade negotiators to better negotiate in the World Trade Organization for a fair, equitable and balanced system of international trade. Professor Tandon has written extensively on matters related to African economy and international relations.

Teivo Teivainen, Doctor in Social Sciences, is Researcher at the Ibero-American Center and Adjunct Professor of Development Studies at the University of Helsinki. He is also Chair of the Network Institute for Global Democratization (NIGD), and board member of ATTAC-Finland. His books and articles have dealt with various aspects of globalization and democracy as well as truth commissions, regional integration processes and civil society groups.

Erkki Tuomioja is Finland's Foreign Minister and the former Minister of Trade and Industry. At Helsinki University he lectured in political history. On television he used to present his own current affairs programme. He posts speeches in English and regular book reviews on www.tuomioja.org.