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First Quarter, 2001

# Global Future

**Trade rules for global commerce**

*WTO Director-General Mike Moore*

**The poverty of globalisation**

*UNCTAD Secretary-General Rubens Ricupero*

**Globalisation**

**Will it work for the poor?**

**Moral imperatives**

*Archbishop Njongonkulu Ndungane*

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## In the same boat

**TELEVISION** was going to make radio obsolete. Telephones were going to cause people to stop writing letters. And electricity—in particular, the light bulb—was going to put candle makers out of business.

But radio found new life—in people's cars, mostly. People still write letters, although more often today via e-mail. And, as WTO Director-General Mike Moore alludes to in our opening article, despite the advent of electricity, the candle industry is as strong as ever. An incandescent bulb still is no match for a candle when it comes to illuminating an altar or setting the mood for a romantic dinner.

The point Moore and others are making is that change and adaptation are part of life; globalisation is here to stay. Actually, as UNCTAD Secretary-General Rubens Ricupero points out in his article, it has been around for centuries. The difference today is the rate at which it is occurring.

However, to rush blindly into a future that dazzles us with technological wonders and fuels our appetites for more, without considering the disenfranchised, would be to ignore basic moral and ethical imperatives, as Archbishop Njongonkulu Ndungane points out. Civil society's challenge is to see that our fast-forward rush into a globalised future not only does not further alienate the disenfranchised, but ensures that they are fully included in the globalisation process.

Flinging bricks through storefront windows or dousing security officers with petrol bombs does little to advance dialogue. In fact, such actions tend to have the opposite effect of arousing sympathy for the perceived oppressors. More useful is a discussion of key issues, and an awareness that, ultimately, whether rich or poor, we are all in this global boat together. Hopefully, the articles in this issue will help foster that discussion. ■

Randy Miller

# Trade rules for global commerce

Mike Moore

**FEW TOPICS** are as controversial today as globalisation. Bringing distant markets and people across the world closer together is a huge change that affects everyone, whether they are peasants in India, students in London, bankers in New York or fishermen in Chile. Such an enormous upheaval is unsettling, especially when it seems unpredictable and uncontrollable. Rather than see globalisation as a force for positive change, people tend to assume the worst. In Western Europe, North America and Japan—countries that enjoy the world's highest standards of living—citizens fear their "quality of life" is in danger. Meanwhile, more than a quarter of the world's population—1.6 billion people—fight to survive on less than US\$2 a day.

## Never so rich and so poor

The world has never been so rich and so poor at the same time. Governments, religious groups, environmentalists, academics, politicians, school teachers and businessmen are all grappling with how to overcome the divide between rich and poor. Many see the benefits of globalisation and welcome the greater economic interdependence amongst the world's nations. They see trade as an essential component in building peace between nations. Others perceive globalisation as a threat that will only exacerbate their already difficult plight. While some thank the World

Trade Organisation's rules based system for putting some order into world commerce, others see the WTO as a free trade writ driven by capitalist interests. This debate is not

**Some perceive globalisation as a threat that will only exacerbate their already difficult plight.**

just over liberalism and social market economics or new "third way" policies. It concerns fears and hopes for what we want tomorrow's world to be. No matter if we are rich or poor, liberal, socialist or democrat, we all want a better world for our children. We want it to be safe, clean and prosperous.

But how do we achieve such a world? Part of the answer lies in the economic gains from trade and how governments use the benefits from trade to address and shape better national policies. The important role trade played in the world's economy in 1999 speaks for itself. Global trade in goods grew by 4.5% in 1999 and surged in the final months to mark a solid advance. Developing countries especially noted a strong performance, boosting exports by over 8% and grabbing a 27.5% share of global trade, their largest share of the world total in 15 years. While the WTO is not responsible for the world's economic performance, it does safeguard each nation's right to trade and to use the benefits of trade for economic and social development, including the pursuit of better environmental policies.

## Platform for expansion

The rules-based framework for trade has provided the platform for a remarkable expansion of trade in the post-World War II era. Since 1950 global trade has increased 15-fold,



*Because of globalisation, the world is drinking Colombian coffee, using Japanese cameras, driving American cars, wearing clothes made in Asia and using Finnish mobile phones.*

providing a powerful engine for economic growth across the planet.

The last 20 years have seen a dramatic rise in living standards for many countries across the world. But these gains can be lost. Governments can, and do, intervene to prevent products, money, people and ideas from flowing freely across national borders. They can slow or block progress and economic prosperity and can even take measures to protect themselves from globalisation. But such policies lead to isolationism, not openness. In the first half of the 20th century, the globalisation of the 19th century was rolled back. Two world wars and the worst economic recession in history undermined years of economic prosperity.

There is overwhelming evidence that trade boosts economic growth. Just compare the protectionist nightmare of the 1930s with the long boom in America and Europe as trade barriers fell in the 1950s and 1960s. Or read the famous study by Jeffrey Sachs and Andrew Warner of Harvard University, which finds that developing countries with open economies grew by 4.5% a year in the 1970s and 1980s, while those with closed economies grew by 0.7% a year. At that rate, open economies double in size every 16 years, while closed ones must wait a hundred. Or cast an eye on the countless country studies that support their results.

### **Colombian coffee**

It is not just Wall Street traders, management gurus and international civil servants like myself who gain from globalisation. It is also everyone with a pension who enjoys a more comfortable retirement because their savings are more fruitfully invested abroad, as well as everyone abroad who benefits from that foreign investment. It is people in Britain who can talk on Finnish mobile phones, use Japanese cameras, drive American cars, drink Colombian coffee and wear clothes made in Asia. It is poor people everywhere who can buy

cheaper food and clothes produced abroad. It is Indian computer programmers who can sell their services to American companies, and earn enough to give their children a good education and decent health care. And it is poor people in poor countries who are grasping the opportunities provided by trade and technology to try to better their lives. Mexican farm hands who pick fruit in California, Bangladeshi seamstresses who make clothes for Europeans, and South African phone-shop owners who hawk time on mobile phones to their

### **The interests of candle makers were not allowed to stop the introduction of electricity.**

fellow township dwellers. They and countless other real people everywhere are the human face of globalisation.

It is true that in general living standards in poor countries are not catching up with rich ones. It is a tragedy that 1.2 billion people—almost a quarter of the world's population—survive on less than US\$1 a day and that a further 1.6 billion make do with between US\$1 and US\$2 a day. Reducing such extreme poverty must be a priority. Of course, it is easier said than done. But we can learn from the example of those developing countries that are catching up with rich ones. Take South Korea. Thirty years ago, it was as poor as Ghana; now, it is as rich as Portugal. Or consider China, where 100 million people have escaped from extreme poverty over the past decade. What do these fortunate countries have in common? Openness to trade.

The bottom line is this: the developing countries that are catching up with rich ones are those that are open to trade; and the more open they are, the faster they are converging. That is particularly good news for China. The

liberalisation that joining the WTO requires will give another big boost to Chinese living standards.

But trade alone is not enough to eradicate poverty. For instance, abolishing trade barriers will not help much if countries are at war and farmers cannot get their crops to market. But freer trade is essential if poor people are to have any hope of a brighter future. Even so, critics of free trade argue that poor people within a country lose out when it liberalises.

### **Benefits of trade**

This is where the government has a crucial role to play. It must distribute the benefits of trade. Of course, in the short term, some people do lose from globalisation. As trade barriers fall, foreign competition forces domestic firms to specialise in what they do best, rather than making goods which are more efficiently produced elsewhere. Those who are no longer gainfully employed have to find new jobs. Poor farmers who lose their subsidies or unskilled workers who lose their jobs need time to find new employment. Their plight must not be forgotten. But their hardship, like that of anyone who loses their job, should be eased with welfare benefits and job retraining, not by putting a halt to liberalisation and economic reform. The temporary losses of a few should not prevent a country from reaping the much bigger—and permanent—gains from trade. After all, the interests of candle makers were not allowed to stop the introduction of electricity. Nor are governments scrambling to stop the internet from cutting out middlemen. Freeing trade, like new technology, causes change. That is how it boosts economic growth. Some of us lose at first, but eventually we all gain. ■

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*Mike Moore is Director-General of the World Trade Organisation.*

# The poverty of globalisation, the globalisation of poverty

Rubens Ricupero

**IT IS NOT ALWAYS EASY** to understand why globalisation has provoked such passionate reactions, and from both enthusiasts and opponents alike. The trend of growing economic integration among nations, the definition of globalisation recently offered by Stanley Fischer, deputy managing director of the International Monetary Fund, describes neither a new nor particularly radical process. Historians have traced its origins as far back as the great sea voyages of Renaissance Europe, and a small academic industry has been built around comparisons of the process of global economic integration today and in the decades before the First World War. And building closer economic ties between nations was, of course, a key objective of the now much maligned architects of the post-war Keynesian era.

It is certainly the case that the shift in the geo-political landscape which followed the collapse of communism has meant that for the first time in living memory the scope for moving goods, capital and ideas across borders has become truly global. And

**Historians have traced globalisation's origins as far back as the great sea voyages of Renaissance Europe.**

the permanent revolution in information and communication technology is providing the capacity to carry out more and more of such transactions at ever diminishing cost. As a consequence, all of us in our daily economic lives are, to a much greater extent

than ever before, dependent on unseen faces in unfamiliar places. In this world, the principles behind Adam Smith's pin factory still carry value. But this is also a genuine source of heightened anxiety for many people and communities. Failure to address these concerns has been one of the important factors provoking discontent in today's global age.

Still, what has really turned the spotlight on globalisation is the way economic integration and technological progress have become attached to, and reinforced, a fundamental change in economic policy. Emphasis has increasingly been placed on a greater reliance on private initiative and the spontaneous virtues of the market. Moreover, perfecting the price mechanism has been taken to mean opening to the full force of global markets and removing the corrosive influence of dirigiste and solidaristic values from the economic sphere.

## Turbulent years

This enthusiasm for market forces began to gain ground in the industrial economies after the turbulent years



of the 1970s. That enthusiasm was soon transmitted to the developing world as the so-called Washington Consensus. During the 1980s, many countries faced recurrent balance of payments problems, were vulnerable to external shocks, and had to endure prolonged periods of macroeconomic distress. The consensus was to place the blame for all this on misguided policies cast in an interventionist mould. The solution lay in rapid trade and financial liberalisation; with world markets providing the right incentives and private capital flows supplanting aid, stagnation was expected to quickly give way to macroeconomic stability and renewed economic growth.

In the 1990s, with the economic bankruptcy of central planning exposed by the collapse of the Berlin Wall, globalisation emerged as the one model to fit all economic occasions. There were, it seemed, simply no hard choices left for economic policymakers. Global markets carried their own irresistible logic which all countries had to accept. And whilst it was recognised that there might be some temporary dislocations as countries opened up, persistence would be rewarded; freeing prices domestically and internationally would raise efficiency and growth everywhere and, most importantly, the benefits would be greatest in the developing countries, allowing them to catch up with the industrialised world.

### Short-lived euphoria

The euphoria has proved short-lived. The Asian financial crisis, which derailed some of the strongest and most integrated developing countries, pointed to serious flaws in the logic. Subsequent events from Seattle to Copenhagen suggest that Dr. Pangloss is not the man for the new millennium. And even some of the most enthusiastic supporters of globalisation have begun to worry openly about allowing the market free rein to shape the social landscape. Empowerment, inclusion and poverty alleviation have crept into the dis-

course of the international community, suggesting the emergence of a different kind of consensus; globalisation is not simply about the unstoppable logic of efficient markets, but is also—indeed, much more—about a world shaped by the highly uneven distribution of economic power.

Recognising this is certainly a step forward. But from the point of view of a development agency like UNCTAD, a rather more mundane question still needs to be asked: Has there been sufficient progress in tackling the deep-seated problems of poverty and



*Sales in Thailand were more amazing than usual during the Asian financial crisis.*

underdevelopment to make persistence with existing policies the guiding economic ideology of the new millennium? For some time now, we have been arguing that, as things stand—and contrary to some of the most recent literature on globalisation and growth—neither the international economic system nor the policies being pushed on developing countries can deliver the kind of economic growth performance, estimated by most economists in the order of 6% per annum, which they need to achieve each year, to make real progress.

Not only are large parts of the developing world still mired in slow or negative growth, but as was first outlined in our *Trade and Development Report 1997* and updated by the UNDP's *Human Development Report 1999*, poverty levels remain despairingly high and income gaps with the North grew visibly wider in the 1990s. Just as troubling for their future prospects, the recent difficulties faced by many developing countries have, on balance, been good for the rich industrial countries through declining commodity prices and a flight of international capital to safe havens. After more than a decade of such reforms across the developing world, payments disorders remain as acute as ever, external indebtedness is again on the rise, and vulnerability to external shocks is perhaps even greater than ever. It is time, once again, to talk seriously about a development policy crisis.

### Stark in Latin America

Growth in developing countries did recover in the 1990s, but was well below the average 5.7% achieved in the 1970s. This recovery has been accompanied by a significant worsening of external deficits, on average higher by almost three percentage points of GDP. While the situation is particularly stark in Latin America, a similar pattern is repeated almost everywhere. Only a very small number of countries, notably China, have been able to buck this trend by combining faster growth with improved trade performance. It is somewhat ironic that in the numbers game that has taken hold of the globalisation debate, one of the few remaining communist countries provides most of the evidence for the successes of globalisation!

The reasons why trade deficits have been increasing faster than income in developing countries are undoubtedly complex. However, the evidence shows that a combination of declining terms of trade, slow growth in the North, and "big bang" liberalisa-

tion of trade and capital account in development countries has been the decisive factor. UNCTAD's *Trade and Development Report 1999* provided extensive empirical evidence on this. Still, enthusiasts of a new global economic order could point to the surge of private capital to developing countries in the 1990s. The figures certainly appear seductive, reaching over US\$300 billion in 1997, with an increasing proportion in the form of non-debt-creating capital.

But—and even aside recent events in Asia, Eastern Europe and Latin America—there are reasons to be cautious. In the first place, much of the renewed flow simply marks a return to trend after the blighted years of the 1980s. Annual capital inflows in the 1990s have averaged around 5% of GNP, compared with 4.9% in the 1970s; if China is excluded, the ratio is lower. Moreover, these flows are heavily concentrated, and more so than in the past, with 20 emerging markets receiving over 90% of inflows in the 1990s, compared with some 50% before the debt crisis. This skewed distribution is as much a characteristic of foreign direct investment as other capital flows. An important part of all these private capital flows has been driven by arbitrage profits and is highly unstable and unreliable.

### Off the mark

UNCTAD is not alone in worrying about these features of the global economy. However, the growing calls to hold back financial liberalisation whilst pushing forward with rapid trade liberalisation are off the mark. In today's interdependent world the two are inseparable. With liberal trading regimes now in place throughout much of the developing world, growth sucks in greater volume of imports than the past. At the same time attempts to close the payments gap through increased exports to developed countries run up against sluggish markets, adverse movements in the terms of trade and protectionist, as a result maintaining growth momentum

increasingly relies on attracting foreign capital, of any kind. Dependence on hot money has thus become the unstable pillar of economic growth and development in many countries.

What is the alternative? It is essential that the autonomy of developing countries in managing capital flows and choosing whatever capital account regime they deem appropriate should not be constrained by international agreements on capital account convertibility or trade in financial services. Reform of the global financial architecture remains an urgent priority, with an even greater need for official financing, orderly debt workouts, and full debt relief for the poorest countries.

But it is not simply money that makes today's world go round, and reform of the financial system is not

**Jean-Paul Sartre once remarked that the function of the poor is to exercise the generosity of the rich.**

sufficient by itself to allow developing countries to expand and prosper in today's interdependent world. Most of these countries benefited little from the Uruguay Round, and it is now time to take a hard look at the international trading system, in order to establish the best basis for new multilateral negotiations. The focus must be on market access in areas where developing countries have already or could quickly establish competitive advantage. Many low-skilled manufacturers, and agriculture, continue to face considerable tariff peaks and tariff escalation whilst Northern subsidies, particularly in agriculture, remain intact. The potential gains to developing countries are large and well in excess of capital flows in the 1990s.

Competitive industries in the South hold the key to future growth not only by boosting export capacity, but also by reducing the import con-

tent of growth. Developed countries continue to promote their industries while, unashamedly, berating similar efforts in developing countries. In some areas of trade policy, where review processes in the World Trade Organisation are about to get underway, the full impact on developing countries of limiting their policy options needs to be reconsidered, in particular, with respect to the subsidies code, TRIMs and TRIPs. Special and deferential treatment for developing countries, as a means of guaranteeing them adequate policy flexibility, should be made part of the contractual obligations of the rule-based system.

### Desirable route

Finally, under free capital mobility, no exchange-rate regime can guarantee stable and competitive rates. Contrary to some advice, countries with free-floating regimes are no less vulnerable to financial crisis than others, though the damage is inflicted differently. Target real exchange rates, in combination with the control and regulation of destabilising capital flows, is the desirable route for most countries. Evidence is overwhelming that competitive exchange rates lie behind long-term export success, and examples abound, most recently from Malaysia, of the benefits from successful management of capital flows.

Jean-Paul Sartre once remarked that the function of the poor is to exercise the generosity of the rich. He would have been disappointed by the monolithic globalisation that has dominated development policy over the past decade. The challenge now is to create a tolerant, pluralistic and more generous global economic agenda which can make real and unrefutable headway against the problems of developing countries, and particularly the poorest among them. ■

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*Rubens Ricupero was appointed as fifth Secretary-General of the United Nations Conference on Trade and Development in September 1995.*

# Moral and ethical imperatives in a global environment

*The Most Reverend Njongonkulu Winston Hugh Ndungane*

**AS THE WORLD** becomes increasingly interdependent, an event that occurs in one part of the globe can have a domino effect on the rest of the world. How we respond to ethical and moral imperatives posed by globalisation will determine the kind of future we fashion for ourselves, our children and our children's children. It is crucial that we not lose sight of these imperatives as we move toward an increasingly globalised society.

Globalisation is market-driven and technology-fuelled. Its main characteristics include a creative dynamism of invention and entrepreneurial risk-taking—which is quite thrilling—and the breaking open of old, time-honoured traditions when they get in the way.

There are at least five major inter-

connected but distinct processes embodied in the notion of globalisation. Over the past decade we have seen:

- 1) a revolution in information and communications technology;
- 2) massive deregulation in the way in which money is allowed to flow around the world;
- 3) increasingly interdependent and integrated distribution of goods across the world;
- 4) a significant burgeoning of trade, and
- 5) continuing growth in the importance of large, multinational companies.

While these processes are a reflection of humanity's advancement and are irreversible, three elements concern me:

1. The powerful and wealthy are establishing the character, priorities and values of the emerging world order. These priorities and values embrace a global free-market economic system based on competition, efficiency and productivity. All too often, however, this is at the expense of an increasingly disadvantaged sector. I believe that in the long term this will threaten world order and economics.

***The powerful and wealthy are establishing the character, priorities and values of the emerging world order.***

2. A single, lucrative market—which is increasingly the site of heated contest—is emerging in the process. Many developing countries are being drawn further into the global economic system, but the terms of inclusion are dictated by, and are in favour of, the wealthy. Others face the spec-



*"The validity of any economic policy should be based on....its impact on people; who are on the downside of the economy."—Amartya Sen*

tre of total exclusion.

3. International markets increasingly favour the economics of scale and collective capacity, and poor regions, which are increasingly left behind, face permanent marginalisation.

### Stifling the drive

Global recession and generally depressed international markets for primary export products continue to stifle the export-oriented development drive of most developing countries. Less developed countries have been forced to accept worsening terms of trade. For the wealthy, continents such as Africa are seen primarily as sources of oil and scarce, non-renewable resources. Simply put, in the New Age, the poor face the danger of designation to perpetual irrelevance.

But, while the powerful strive to become more so, 800 million people go hungry every day. Many more are malnourished. The world's population of underweight children below five years of age is expected to be 200 million in 20 years, with most of the deterioration in Africa.

World Bank studies show that almost half the world's population live on less than US\$2 per day. Every year, 8 million children die of diseases linked to impure water and air pollution; 50 million children are mentally and physically damaged due to poor nutrition, and 130 million children—

**Human values take precedence over money values. People must be factored into the profit-incentive process.**

80% of them girls—are denied the opportunity to go to school.

As citizens of a global village, we have to take responsibility for what happens to these children.

All this is taking place in a world in which 20% of the population enjoys 80% of the world's wealth, and the assets of the world's top three billion-



*"We must recall that the world's major religions, which influence our moral behaviour, constantly remind us of the dignity and intrinsic worth of every human being."*

aires are more than the combined gross national product of all the least developed countries and their 600 million people.

This threat to the survival of humanity should not be allowed to continue unabated. We need strategies to create a world with a human face. We need new economic systems that put people, not profits, first.

### Moral imperatives

In examining globalisation and its effects on the world community, we must recall that the world's major religions, which influence our moral behaviour, constantly remind us of the dignity and intrinsic worth of every human being. There is a Rabbinical saying: "Before every human being there walks an angel proclaiming 'Make way, make way for the image of God.'" The clear implication is that we ought not treat fellow human beings arbitrarily or in an exploitative manner. It affirms that human beings should act out of ethical and moral standards based on respect for one another and for the whole created order.

Human values take precedence over money values. People must be factored into the profit-incentive process.

We have learned, at great cost,

that the law of profit alone cannot put food in the bellies of the starving millions in the developing world. The law of profit alone will not provide them with the drugs they need to treat the most stressful and appalling diseases known to humanity, such as HIV/AIDS, malaria, hepatitis and tuberculosis. The law of profit alone will not help the majority in the world to climb out of the deep well of poverty into which they have been plunged by a ruthless economic system whose driving force is greed.

Amartya Sen, 1998 Nobel laureate for economics, has said that the validity of any economic policy should be based on whether it takes into account its impact on people who are on the downside of the economy.

To sustain the world, we need a new brand of science and technology governed by a new brand of economics and politics with a sound moral foundation.

### Justice and righteousness

Long ago, the Jewish Old Testament prophets called for justice and righteousness in our dealings with one another and our care of God's created order. When the people of Israel were on their journey to the promised land, God provided a mira-



*"While the powerful strive to become more so, 800 million people go hungry every day. The world's population of underweight children below five years of age is expected to be 200 million in 20 years."*

cle. It was called manna—food from God for all the people, provided in order to meet their daily needs. God told the Israelites not to hoard the manna, but to learn to trust that it would be provided. Nevertheless, some tried to hoard it, and overnight it began to rot and stink. There is a lot of hoarding going on in our global village, and it is beginning to stink.

The rich and powerful—who are as much at risk as the poor and the weak—must recognise that they cannot continue on the present course. The purpose of life is not just the acquisition of wealth, but the development of the world for the good of its inhabitants and for future generations.

We need our economic system to serve us, not enslave us. Our guidelines should be need and capacity, rather than supply and demand.

As we look to the future, we would do well to remember the words of UNICEF:

"The progress of nations will be judged not by their military or economic strength, nor by the splendour of their capital cities and public buildings, but by the well-being of their peoples; by their levels of health, nutri-

tion and education; by their opportunities to earn a fair reward for their labours; by their ability to participate in decisions that affect their lives; by the respect that is shown for their

***Our responsibility is to spearhead a new world in which the tears of poverty will be wiped away.***

political and civil liberties; by the provision that is made for those who are vulnerable and disadvantaged; and by the protection that is afforded to the growing minds and bodies of their children."

### **The Jubilee year**

An injunction in the Judeo-Christian tradition states that a thorough review of all social, political and property arrangements should occur every seventh Sabbath year. Every 50 years, therefore—the Jubilee year—we are encouraged to make right the wrongs that have occurred during that period. This applies not only to our

personal relationships, but to relationships between nations, as well. And, particularly in today's globalised world, between developed and undeveloped nations.

The year 2000 is a year of Jubilee. Now is the time for morally responsible people to bring about a new world order. We need creative, innovative and imaginative minds to shape a world whose main characteristics are good governance, equity and the general well-being of everyone.

As we tackle this massive agenda, it may be useful to consider the words of the biblical book of Revelation, Chapter 21:

"Behold, I make all things new.... Look, here God lives among human beings. He will make his home among them; they will be his people, and he will be their God, God-with-them. He will wipe away all tears from their eyes; there will be no more death, and no more mourning or sadness or pain. The world of the past has gone. Then the one sitting on the throne spoke: 'Look, I am making the whole of creation new.'"

Our responsibility is to spearhead a new world in which this Revelation vision is fulfilled: a world in which the tears of poverty will be wiped away.

In my country we have a uniquely African concept which we call *Ubuntu*. It means, essentially, "I am only a person through other people." In the spirit of *Ubuntu*, I suggest we as a global society join hands across economic and cultural barriers, and work together to assure not only our economic future, but our spiritual future, for ourselves and for our children. ■

*The Most Reverend Njongonkulu Hugh Ndungane is Archbishop of Cape Town, South Africa. He is the successor to Archbishop Emeritus Desmond Tutu, who retired from the position in 1996.*

# Nightmares continue for Indonesia's poor

Hendro Suwito

**IF YOU VISIT JAKARTA** these days, you might be misled by the glittering life this city of 10 million people offers the cream of its society. A small portion of Jakartans continue to lead luxurious lives, with late-model Mercedes or BMWs, palace-like houses and other world-class amenities. Jakarta, at the end of the year 2000, looks as robust as any other major world city.

However, walk along the pathways of Jakarta's numerous slums and you will encounter an altogether different world. Many people in these neighbourhoods barely have resources to survive, let alone properly feed their families or send their children to schools. In many cases, they have to allow, or even force, their tender-age sons and daughters to work—any work that can generate a little money to help the family survive.

Three years of economic, social and political catastrophe has crippled Indonesia. At one time, this country of 210 million people was among the fastest-rising Asian economies. Today, power struggles among political elites, bloody ethnic and religious conflicts, rising separatism, chronic corruption, and poor law and order continue to plague the country. Although the economic and political life has shown signs of improvement, uncertainties prevail. President Abdurrahman Wahid's

shaky government seems too weak to place the country back among the Asian tigers. And too many urgent problems have rendered the government powerless to solve one of its most crucial concerns: coming to the aid of the poor—who number between 50 and 100 million. Millions of them, especially the children, find themselves succumbing to their worst nightmares.

While other Asian countries are beginning to move on after weather-

ing the brunt of the 1997 economic crises, Indonesia continues to struggle. Recovery has been slow due to lingering uncertainties in various sectors. And it is the poor who are especially hard hit.

Many poor families can no longer buy nutritious food for their children.

**Many people in these neighbourhoods barely have resources to survive, let alone properly feed their families.**

Some families have had to give their babies cheap sweetened milk, rather than nutritious milk, because the prices of good quality milk are too expensive. They can no longer visit doctors when their babies get sick, as the price of medicine tripled during the crises.

Professor Soekirman, a nutrition expert, underlined earlier this year that the economic crises have significantly impacted the lives of the poor, particularly the children. "The crises have brought very negative impacts on the nutritional status of under-fives. The worst impacts were among those in the 6-17-month age bracket because they are very susceptible to changing food quality intake," he said in a press conference.

Soekirman, quoting data from the national census, explained that malnutrition cases have been on the rise in recent years. Between 1989 and 1995, malnutrition cases were actually declining. But, he said, there were 400,000 more malnutrition cases among children 6-17 months old in 1998 than there were in



SANJAY SOHWAL

that age group in 1995.

The national census also showed that in 1999 about 7.5 million out of the 23 million under-fives were malnourished, and some 2.4 million of them suffered from severe malnutrition.

Stephen Woodhouse, former UNICEF representative for Indonesia and Malaysia, strongly warned policy makers that Indonesia could be on the verge of creating a "lost generation", as families were not getting enough food to eat. He estimated that about half of Indonesia's children under 2 suffer from malnutrition so severe that they may grow up with permanent brain damage.

"[There is] a real danger of Indonesia having a lost generation," said Woodhouse, "a generation of children who are malnourished, who have not been able to go to school."

This grave situation paralleled World Vision's findings in North Jakarta's Cilincing sub-district. Based on a year of monitoring there, malnutrition cases were found to be very high.

"We measured the weight of 6,000 under-fives in the sub-district and discovered that 1,500 children were suffering from malnutrition,"

**Indonesia could be on the verge of creating a 'lost generation', as families were not getting enough to eat.**

nutritionist Duma Siagian reported in September.

The study also revealed another serious phenomenon. "During the study, we were surprised with the finding that around 6,000 children from 6 to 12 years old no longer go to school. This represents about 50% of the children who go to school there."

Although the government has made six-year primary schooling com-

pulsory and charges no school fees at public schools, many poor families cannot afford to pay the enrollment fees, nor cover the cost of books, pens, uniforms, shoes and other needs.



Hundreds of thousands of poor Jakartans lost their jobs following the economic collapse in 1998. To better illustrate the severity of the crises, consider this: Indonesia's GDP had grown by an average of 6% to 8% per annum before the crises. In 1998, however, the GDP slumped to minus 13%. The rupiah exchange rate against the U.S. dollar plummeted from 2,400 to as low as 15,000 per U.S. dollar. At the end of September 2000, the rupiah rate against the dollar hovered around 8,800, over three times weaker than in the middle of 1997.

### **Millions still unemployed**

The monetary crisis caused thousands of factories and other businesses across the country to go bankrupt. A cabinet minister last April estimated that Indonesia's unemployment figure reached 36 million, about 40% of the

total workforce.

Millions of these people remain unemployed to date. A few with resources have started small businesses, like small restaurants or shops. Those with no resources have resorted to more menial jobs, such as coolies at seaports and marketplaces, or domestic helpers. They only earn around US\$10-30 per month for such jobs—far from enough to support their families.

Many NGOs have supported the urban poor in Jakarta and other Indonesian cities over the past three years. Their efforts have helped greatly to stem the decline in the quality of life for hundreds of thousands of urban poor. Existing international NGOs, such as Catholic Relief Service, Christian Children's Fund, Medicine's Sans Frontieres and World Vision, have intensified their efforts recently. Other NGOs have opened offices in Indonesia, among them, Save the Children-UK and Save the Children-U.S.

Meanwhile, several national NGOs have begun operations. One of them Suara Ibu Peduli, has been very helpful in addressing the needs of malnourished children.

While all this is good, immense needs remain. President Abdurrahman Wahid has made it clear that the government expects NGOs to play a greater role in addressing the country's social problems. Government officials reported recently that, although NGOs have been instrumental in curbing malnutrition among at least 700,000 under-fives in the country, this number is small compared with the total number of children still in need. The worst nightmares are far from over for millions of Indonesia's poor. ■

*Hendro Surwito is communications manager for World Vision Indonesia. This article was written with assistance from World Vision staff members Ferry Doringin and Duma Siagian.*

# Is globalisation good for women?

*Fatuma Hashi and Elnora Avarientos*

**AFTER DECADES** of struggle, it appears that gender issues finally have become a central issue in the discussion of national and international developmental policies. The question now is, can advances in this area be linked with the globalisation process? What are the benefits and challenges of globalisation toward gender equality, peace and development?

Over the years—and, most recently, during the Special Session of the United Nations General Assembly Beijing+5—there has been growing concern internationally regarding globalisation's overall economic and social impact on women, especially women in the developing world. While some people point to the overriding benefits that globalisation can bring, others are concerned about the harm and risks involved. Among these concerns are that the rewards and costs of economic change are not being distributed evenly among or within nations. In some countries, globalisation has resulted in policy shifts in favour of more open trade and financial flows, and the privatisation of state-owned enterprises. These shifts have often hindered women's access to employment, health care, education, property, credit and housing.

## **Feminisation of poverty**

Another outcome of this growing global economy has been an uneven distribution of resources, leading to wider economic disparities, the feminisation of poverty, and increased gender inequality. This often has been accompanied by deteriorating work conditions and unsafe work environments, especially in an informal economy and in rural areas. (Outcome document of the Twenty-third special session of the General Assembly on Beijing +5).

It must be acknowledged that, in some situations, globalisation has brought greater economic opportunities and autonomy for women. But the increase in employment often has not been matched by improvements in wages, promotions and working conditions. In many cases, women continue to be employed in low-paid, part-time positions, and in contract jobs marked by insecurity and by safety and health hazards. More women are employed in the informal sector, doing such things as home-based work,

## **The negative impact of globalisation can be minimised when the gender perspective is taken into account.**

vending, retailing, laundry and domestic service. Work in this sector is invisible, unrecognised, unregulated, unprotected and usually underpaid. In many countries, women entering the labour force are hired last, and they are usually the first to lose their jobs.

Ironically, it seems that women increasingly are being viewed as a reason for hope in this otherwise frightening scenario. The negative impact of globalisation can be minimised when the gender perspective is taken into account, and is placed at the centre of the globalisation discussion. As Noeleen Heyzer, the executive director of the United Nations Development Fund for Women (UNIFEM), stressed, "We can become a global community that builds on our diversity while embracing our common humanity, based on principles of human security and protection for all" only when the globalising world views the situation through women's eyes.

Only then will the world become "...one where there would be less deprivation, vulnerability, and violence."

## **Overcome the challenges**

In order to overcome the challenges posed by globalisation and build an international community based on gender equality and justice, Heyzer emphasises that "women must go beyond the demand for greater representation in economic and political systems....and develop the kind of leadership that can transform economic and political systems and processes to make them pro-poor and pro-women." (Civics World, Vol. 5, #2. Interview with Noeleen Heyzer).

Women, in collaboration with NGOs and other interested parties, must not allow globalisation to become an obstacle to the achievements they gained over the past several decades. It must not become an obstacle, for instance, to the implementation of internationally agreed documents such as CEDAW and the commitments to special help for women in development made at the Beijing summit. Women must develop strategies that empower them to have a voice in global economic governance. They must make it their priority to see that gender perspectives are included in the globalisation agenda.

According to Heyzer, "Globalisation is clearly an unfinished business, a work in progress that can be shaped and steered by human interventions and values of equality, poverty reduction and social justice." (Progress of the World's Women: UNIFEM, June 2000) ■

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*Fatuma Hashi is director of Gender and Development for World Vision. Elnora Avarientos is director of Diversity Management for World Vision.*

# Brazil's landless peasants dig in their heels

Eduardo Nunes

**TROPICAL RAIN FORESTS,** remote beaches, expansive rivers, indigenous tribes. These are the images that pop into most people's minds at the mention of Brazil. Rural scenes.

But rural areas are not where you'll find most of Brazil's people.

In terms of population, nearly 80% of the country's inhabitants live in cities, and have economic dealings in such things as industry and finance, as opposed to "non-urban" enterprises, such as agriculture. Export goods like airplanes, automobiles, trucks, optical cables and steel account for some 70% of the GNP. Traditional agricultural products such as coffee and soy beans account for less than 25%.

It is somewhat ironic, then, that Brazil's most important social movement today is rural-focused: the landless peasants' movement, in which more than 3 million people are directly involved. Known as MST (Movimento Sem Terra) in Brazil, it is a movement that embraces a wide range of people, from the young to the elderly, from rural workers to the urban unemployed.

## Unfair distribution

It is perhaps no secret that land distribution in Brazil is deeply unfair, and has been since the Portuguese conquest. Less than 3% of the population holds nearly two-thirds of the nation's half-billion arable hectares. Some 4.8 million rural Brazilian families—roughly 25 million people—eke out a meagre existence as temporary labourers or slash-and-burn farmers in the country's expansive interior.

At the same time, more than 60% of Brazil's land remains unplanted. If it is used at all, it is for ranching or tax write-off purposes.

It was for the purpose of address-

ing these issues that MST was organised. Although peasant movements are nothing new in Brazil, the current incarnation of this movement, of which MST is the most prominent representative, was born in the Roman Catholic Church during the decline of military rule in the mid-1980s.

MST grew in number and importance by advocating for the rights of the landless. They organised poor communities and, most controversially, some of these groups of landless people took over unproductive land.

## ***They organised poor communities, and some of these groups of landless people took over unproductive land.***

The tactics used by MST are controversial. In rural areas, however, rich landowners have also shown themselves to be willing to side-step the rule of law in their treatment of poor labourers and indigenous communities. Indeed, the activities of MST often take place within the context of extreme inequality and sometimes violent domination of the poor by the rich. The response to their work has itself not infrequently been violent and repressive. It has not been unusual for MST members to fend off armed attacks by police or hired gunmen, or for their leaders to be arrested and imprisoned. Some 1,200 land reform advocates in Brazil have been killed over the past 15 years, according to the Roman Catholic Church. In some cases where they have been able to hold onto the farms, the federal government has granted them land titles, with the legal owners receiving com-

pensation for the land.

Using this strategy, MST has successfully settled 210,000 landless families on 7.3 million hectares of land. More than 110,000 other families remain camped outside idle plantations all over Brazil, awaiting their turn to claim and work the land. Most likely, the transition of these lands to their hands will not be peaceful.

## Life remains difficult

Other tactics have produced positive outcomes for landless residents, as well. As a result of MST pressure, the government has placed more than 310,000 landless families on expropriated plots since 1994, and plans to settle another 300,000 families by the end of 2002.

The problem is not limited to land, however. Even for those who have benefited from land acquired through the efforts of MST, life remains difficult. Most have no credit access and no market opportunities. Selling to the domestic market—which is controlled by a few powerful groups, including some transnational ones—is a limited option. Exporting is nearly impossible. The reach of the current global economy does not include small farmers and small business operators.

The leaders of MST understand that their success thus far can be attributed partly to the fact that their focus has not been limited merely to obtaining land, but on broader issues having to do with the struggle for people's rights to be included in matters that affect their lives.

"We're a symbolic force that shows Brazilian society that it is possible to change," says Sem Terra's co-founder Joao Pedro Stedile.

The land has become a tool for rural workers, and a symbol for urban ones. ■

*Eduardo Nunes is programs coordinator for World Vision Brazil.*

# In Korea: putting a human face on globalisation

MiKyoung Kim

**THE PEOPLE OF KOREA** do not need to look to Prague, Melbourne, Seattle or Washington, D.C., in order to understand the hoopla over globalisation. Reports about clashes between the anti-globalisation demonstrators and participants of the International Monetary Fund (IMF), World Bank and World Economic Forum meetings in those faraway places hit home hard.

A huge word like "globalisation" can feel abstract and even a bit imposing to the ears of ordinary people. But Koreans already know how the word gets translated into their daily lives. Globalisation became a reality for most Koreans when the "IMF crisis" hit the country at the end of 1997.

Big and oftentimes vague concepts about economic principles and macro socio-economic indicators suddenly became very real for many Koreans. In the midst of economic restructuring, a huge number of workers suffered sudden lay-offs, drastic pay cuts and cut-throat competition. The workplace took on a dog-eat-dog atmosphere as businesses were downsized. The spirit of teamwork quickly evaporated; workers began looking out for only themselves. Ethical norms were undermined, and families paid a dear price.

## Menial workers

With more men out of work, an increasing number of housewives had to look for jobs. The authority of the bread-winning husband plummeted in this patriarchal society. Women with few viable skills found themselves working as poorly paid menial workers in the informal sector. Marriages suffered. Divorce rates tripled compared with those of the pre-IMF era. Most couples cited financial hardships as the reason for their separation. An

increasing number of children were abandoned by their parents and left to either fend for themselves or swell the ranks of public care institutions.

## Broken hearts

In theory, money does not have any emotions attached to it. But it does have the ability to break people's hearts.

In this era of expansive globalisation, the way our neighbourhoods used to look has changed. The way we live our lives has become Westernised as well. With the rampant expansion of deregulation, huge multinational corporations such as Wal-Mart, K-Mart and 7-Eleven are replacing local markets. The street-corner mom-and-pop restaurant is no longer in busi-

## People-oriented development means sustainable human development and human security.

ness because multinational fast-food chains like McDonalds, KFC and Pizza Hut are popping up like bamboo shoots in the spring. These multinational corporations not only generate more profits, they are also changing the dietary habits and lifestyles of the indigenous people. In theory, money is supposed to be culture-neutral. In reality, however, the international capital is at the forefront of the transmission of Western cultural values.

Globalisation can have the effect of homogenising diverse local cultures. Arson attacks on McDonalds' fast-food chains around the globe provide telling evidence of people's defiance against the "McDonaldisation of the world." Standardisation of service

can be an efficient way to maximise capital gain, but achieving efficiency at the expense of local diversity should be avoided.

In recent years, the people of Korea have been living hollow consequences of the international economy's unrestrained deregulation and the national economy's helpless submission to unbridled global market forces. The Asian economic crises suffered by South Korea, Thailand and Indonesia offer telling evidence that financial cures provided by international financial institutions were far from being the panacea for their monetary woes. The experience of Malaysia, on the other hand, provides us with valuable insights. It stood up against the IMF in coping with the crisis. The IMF's prognosis to cure the ailing economy has turned out to be a Pandora's Box.

## People-oriented development

It is time to put a human face on globalisation. Let us aspire to "people-oriented development" as opposed to "number-centred growth." Development is more of a qualitative concept, while growth is a quantitative notion. The route toward qualitative development entails the acknowledgement of the salience of human welfare, environmental protection and human rights. Environmental protection and health care in indebted countries should receive the world's attention. People-oriented development strategy means sustainable human development and human security.

Globalisation, then, is not limited to the realm of economy. It's time we put a human face on the globalisation process, and realise that there is more involved than money. ■

*MiKyoung Kim is a consultant and advisor to the director of World Vision Korea.*

# Should Scrooge (with a conscience) run the world?

Bruce Wilkinson

**AS A CHILD**, I remember asking what happened to Scrooge after his transformation at the end of the Charles Dickens novel, "A Christmas Carol". The ending seemed too abrupt. I wanted to know more about this radical transformation. Could Scrooge "do well by doing good"? Was he able to sustain a viable business without the predatory behaviour he exhibited before the visit of the three spirits? Would Tiny Tim find a bright future, as promised by the novel? Or was Bob Cratchet duped into working for a visionary who thought the laws of economics and competition could support a social agenda? Business ethics...corporate governance... "Bah! Humbug!"

Corporate governance is about balancing the interests of the wider society and the interests of the corporation. Any society which vests goods and services providers with license to operate and control the majority assets of the community must find a mechanism to make that corporation accountable to that community. Likewise, those who have a monetary interest in the corporation want to be assured that they are rewarded for the use of their capital and/or labour. The art of corporate governance is to finding the balance between the two.

Do we want a Scrooge transformed? Or a Scrooge unreformed? Would my response depend upon whether I was a shareholder or Tiny Tim? One must not deny the legitimacy of the profit motive, but perhaps redefine that motive to encompass broader societal needs. As the debate rages, moderate pragmatists have begun to advocate a "Scrooge with a conscience." For Scrooge, it took supernatural guidance to bring about this balance between the interests of

the wider community and the well-being of the corporation. What will it take for the corporate governance structure of the 21st century to find this equilibrium?

For the moment, either implicitly or explicitly, society has "licensed" the corporation to operate in a capitalist economic system. What seems a preference of society toward more demo-

**Could Scrooge 'do well by doing good'? Would Tiny Tim find a bright future, as promised by the novel?**

cratic capitalism is, in essence, a choice society has made for meeting its needs of goods and services.

As corporations evolve toward greater global reach, is this societal licensing still relevant? Will the "global society" be empowered to exercise its licensing function? Or is there a fundamental shift of power, with the corporation becoming a "law unto itself"? Who will call the global corporation into account?

## Regulating themselves

With the growing power and reach of corporations comes the realisation that government—as a regulating agency—is no longer able to ensure beneficial impact for society. Corporations are regulating themselves. Decisions made in boardrooms today set the agenda for how business impacts society at large. Issues once considered a responsibility of the state or of religious institutions—including environmental impact, human rights and social justice—are all affected by corporate decision makers.

Corporate executives and shareholders alike are finding these new responsibilities daunting, it seems. New ways of thinking need to be developed in the private sector, and ethical considerations must become part of the mandate of corporate governance. This is where civil society can play a key role.

The growing influence of corporations is undeniable, but it is not absolute. Today's economic, environmental and social challenges require contributions not only from corporations and governments, but also from a thriving civil society. In many places today, we can see that the engagement of private citizens and non-governmental organisations is changing the nature of the corporate governance debate. Education and awareness-building efforts, bolstered by the information technology revolution, have elevated the public's understanding of the issues.

Consumers, investors and pressure groups have joined with regulatory bodies to call private enterprise to a more proactive role in tackling the social and ecological "downsides" of global economic competition. They have reaffirmed that goods and service providers are still "licensed" by the wider society, and that society has the power to grant legitimacy or withhold it. Consumers have also become aware that their purchasing power can alter the behaviour and practice of business, and even the composition and actions of governance boards.

"We will use our votes, our moral authority, and our purchasing power to remove from positions of authority those who insist on advancing socially and ecologically destructive policies to serve short-term interests. We invite business and government to join us in this act of global citizenship."

—The People's Earth Declaration: A Proactive Agenda for the Future. Rio 1992.<sup>1</sup>

Efforts in education and awareness building must also be focused directly on the private sector. In response to public pressure, corporate gover-

nance structures are beginning to look seriously at their responsibilities to society. Self-imposed ethical standards and codes of conduct have proliferated in recent years, re-defining the role of the corporate sector within the broader society, and providing a basis against which society can hold corporations responsible. Such corporate standards often exceed the bare compliance minimums established by the state. This redress may be at first externally driven, but over time becomes good business practice.

Nevertheless, many business leaders still are not sure that being sensitive to community concerns will enhance their business viability. But empirical studies have shown that business can "do well by doing good." Companies that are socially responsible have demonstrated superior market performance.<sup>2</sup> Corporations that don't look beyond the interests of their own shareholders and the bottom line are considered much higher risk companies, and more volatile in terms of investment ratings.

Not only is corporate social responsibility good for the bottom line, but a more progressive company can attract creative and dedicated personnel while maintaining high general employee moral. Society appears to be affirming the legitimacy of the profit motive, so long as business is also conscious of its contributions to the wider society.

## **Sustainable Development**

Through the engagement of civil society and government with the private sector, the economic growth paradigm is giving way to a more inclusive Sustainable Development model. Sustainable Development emphasises economic growth, human development, social cohesion and environmental sustainability as essential factors for a better future. All four are inextricably linked, with the recognition that economic growth must sometimes be subordinated to the other human concerns.

As consumers and producers gain

understanding of the Sustainable Development agenda, there is a growing adherence to those concepts. The private sector is recognising the importance of sustainability. The International Chamber of Commerce<sup>3</sup> has affirmed that "Sustainable Development involves meeting the needs of the present without compromising the ability of future generations to meet their own needs."

Engagement and education efforts must be formulated around global issues. Supranational institutions must be held accountable to serve the interests of the majority. Transparency and inclusivity are vital. The influence of the powerful minority must be made to share that power with the developing world. The divide between the rich and poor should be understood as an unsustainable distribution of resource and a huge impediment to

## **Supranational institutions must be licensed to operate by the global majority, not a powerful minority.**

societal cohesion. Supranational institutions, in short, must be licensed to operate by the global majority, not a powerful minority.

"The lesson is clear: for economic advance, you need social advance—and without social development, economic development cannot take root. For the Bank, this means that we need to make sure the programs and projects we support have adequate social foundations: by designing more participatory country strategies and programmes—reflecting discussions not only with governments, but also with community groups, NGOs, and private businesses; by putting more emphasis on social, cultural and institutional issues—and their interplay with economic issues—in our project and analytical work; and by learning more about how the changing dynamics between public institutions, mar-

kets, and civil society affect social and economic development. I see this as a critical challenge—in fact, the critical challenge before us."

—J. Wolfensohn 1996 IMF/W-B Meeting

## **Has Scrooge evolved?**

As a result of such reflection, has Scrooge really evolved in his thinking about governance and ethics? Or is he still perched behind the desk with his famous retort, "Bah! Humbug!" Have the effects of the ghostly visitation worn off? Has the vision of what was possible been lost in the detail of the daily struggle? One would hope that reform is possible. If not, we return to a world where the future of Tiny Tim is compromised.

Democratic capitalism and the transnational corporations hold sway as we enter the 21st century. Economic growth can be balanced with social and environmental concerns to yield Sustainable Development—but only if government and civil society engage constructively with business to address the challenges that face us all. Citizens, consumers and non-governmental organisations have a key role to play in linking corporate governance structures to societal stakeholders, and in keeping Scrooge accountable to the dictates of conscience. ■

1. The People's Earth Declaration: A Proactive Agenda for the Future. International NGO Forum, UN Conference on Environment and Development, Rio de Janeiro, Brazil, 1992.

2. Lerner, L., and Frywell, G., "An Empirical Study of Predictors of Corporate Social Performance: A Multi-Dimensional Analysis," *Journal of Business Ethics*, Vol. 7, Issue 12, Dec. 1988.

3. The Charter for Sustainable Development, International Chamber of Commerce, 1991.

*Bruce Wilkinson is vice president of the Programs Group for World Vision U.S. He is based in Washington, D.C.*

# Bridging the digital divide in Latin America

Jose Vargas

**THERE IS A LOT OF TALK** these days about how advances in information technology (IT) are going to help usher in a globalised world in which the playing field is level and all parties have equal access to information—and, hence, opportunities for enhancement. Unfortunately, in much of the developing world, this remains more of a promise than a reality. It has yet to extend, for example, to the majority of the population in Latin America and the Caribbean.

An explosion of internet companies aimed at affluent residents of Latin America's mega-cities has helped put Spanish in the running as the second language of the web, after English. But most Latin American internet users are white, male, urban and upper class, which points to the failure of IT to bridge the so-called "digital divide" between Latin America's rich and poor.

Nevertheless, in Latin America and the Caribbean—the fastest-growing internet market in the developing

world (Washington Post, 9 July 2000)—an estimated 13 to 16 million people are now on line. Although they represent only 3 to 4% of the region's 500 million, their numbers are doubling each year.

Clearly, IT has the potential to deliver vital information and knowledge to even the poorest villages, con-

**Information technology has the potential to deliver vital information and knowledge to even the poorest villages.**

necting them to the global community and ensuring their participation in developmental processes of education, economic transformation and sustainability.

This is, in fact, already happening in many countries and communities of Latin America where telecommunications services are of sufficient quality,

and people who can read and write also have access to computers.

Brazil, Chile and Costa Rica, for example, have special government programs to wire their elementary schools. In Costa Rica, 10% of elementary schools and 20% of the high schools are wired, and these numbers are expected to increase in the next couple of years.

## Already connected

Universities in Chile and Costa Rica are already connecting to the second generation of the internet—the super-high-speed "Internet 2"—with data transmission speeds that are an incredible 100 times faster than those of the first generation. Universities in Mexico, Argentina, Brazil and Colombia are expecting to connect to the internet 2 within the next six months.

Development organisations can play a key role in helping to "democratise" the benefits of information technology by extending its reach to the poor in communities where they work. This requires local capacity-building in information and knowledge management, as well as the development and deployment of programs and business initiatives in "on-line" sectors of health care, education and micro-enterprise development, among others.

In two poor communities of Peru and Honduras where one NGO is working, IT training centres have been set up with high-speed networks to build local knowledge in computer programming, e-business, web design and other income-generating skills.

Such steps may seem insignificant in comparison to the explosive innovation and growth of IT in richer regions of the world. Nevertheless, they represent a still-embryonic process of increasing the participation of Latin America and the Caribbean in the global village. ■

*Jose Vargas is World Vision's information technology director for Latin America and the Caribbean.*



*In Latin America and the Caribbean, an estimated 13 to 16 million people are now on line.*

# Losing *imbuya* and *chuchuza* to a hybrid world

Winnie Ogana

**ASK HER** what she would like for a treat at a weekend outing and Thulisile Madiba, an outgoing 11-year-old South African will quickly write a list: Coke, steak and kidney pie, and ice cream.

Her younger sister Mesiah loves the same things, except she'd rather have the artificial fruit juice concentrate Sweeto over a Coke. Their 9-year old brother, Vuyisile, on the other hand, would go for a Coke and a hamburger every time.

The only difference with their counterparts in London, New York or Hong Kong is that such foodstuffs are a rare treat; they are too expensive for these kids. Vuyisile, for example, cannot remember the last time he ate a hamburger.

Thulisile and her siblings live with their aunt, Maria Mtimkulu, in the black township of Soweto, Johannesburg. Six years after the apartheid era, Soweto is still plagued by poverty, high unemployment, cramped housing and a teeming population.

Globalisation trends are among the key factors causing these children and millions of people in the developing world to prefer such foods to indigenous ones. Trends affecting traditional dietary practices include a proliferation of junk food chains, aggressive media advertising, aculturalisation and modernised agriculture.

Adopting Western dietary trends has become the in thing—especially among the young—but at a price to the poor. Food diversity and household food security have suffered, with malnutrition coupled with monotonous diets becoming the rule rather than the exception for the poor.

For Thulisile and her siblings, weekday dinners have been reduced to either bread, *pap* (stiff maize porridge) or *samp* (de-hulled maize) on respective nights. In addition, they may

have cabbage, sour milk or a small helping of mince meat. It's all they can afford.

Meat and rice remain a Sunday treat. Daily breakfast is comprised of bread and tea, while lunches often are just cheese sandwiches—sometimes without the cheese.

**Gains brought about by globalisation cannot be denied, nor stopped, it seems. But, one wonders, at what cost?**

Their 45-year-old Aunt Maria, from an older generation, regrets that indigenous vegetables remain popular only among people over 40. The younger ones dismiss *morokgo* (traditional vegetables) as food either for the poor or the elderly.

Maria also regrets that adopting a more Western diet has had health implications locally. "Our people are dying at an early age due to diseases like diabetes, high blood pressure and cancer." She attributes this partly to their Western diet.

***Imbuya, chuchuza and igushe***

Soweto granny Grace Hlatshwayo, a generation older than Maria, has no problem listing indigenous vegetables she grew up eating as a child, with names like *imbuya*, *chuchuza* and *igushe*. A mother in her 20s from the same community, on the other hand, found it challenging to name more than five such vegetables.

The extinction of indigenous biodiversity is a great loss to the developing world. Such varieties may not be as fast growing or high yielding as their modern counterparts. Generally, indigenous breeds have been known

to be hardy, pest resistant, drought-tolerant, and do not need chemical fertilisers and pesticides. They also require less water.

According to Amos Kalawe, programme officer at World Vision's Southern Africa Regional Office, people in Africa are increasingly favouring modern crops, but in the process they are losing traditional crops. The government promotes the former—which often are hybrid varieties—since they grow faster and produce higher yields.

Kalawe regrets that in the process of responding to market trends, farmers often grow non-food crops, or food crops they do not use themselves. This affects household food security, since there is only so much land on which to grow subsistence food and cash crops.

Farmers growing hybrids are forced to buy seed each time—often from multinational seed producing companies—as opposed to using cheaper, re-cycled traditional seed they grew themselves. Farmers therefore become dependent for seed on multinationals, rather than themselves.

Beside the extra expense of buying the new seed, farmers also have to figure in the cost of pesticides and fertilisers required by the new seeds, all of which they can ill afford.

Not only are the effects of globalisation contributing to the eradication of numerous indigenous vegetables, thus bringing about a decline in the health of a number of people. Globalisation also—at least in this illustration—would seem to be leeching valuable aspects of certain societies' culture, richness and texture as newer, homogenised elements intrude and push aside that which has made cultures unique. Gains brought about by globalisation cannot be denied—nor stopped, it seems. But one wonders, at what cost? And whether the gains always outweigh the losses. ■

Winnie Ogana is communications associate for World Vision's Southern Africa Regional Office.

# Does one size fit all in a globalised society?

Brett Parris

**INTERNATIONAL TRADE** has received a barrage of criticism over the last year. Some activists are pushing for a return to an imagined "localised" world where countries and regions were essentially self-sufficient. But it is often forgotten that life for most people in Western Europe, apart from the very wealthy, used to be very hard indeed. Life expectancies were short, maternal mortality was high, disease was rife, and food sup-

plies were often unreliable.

In 1900 the total world population was around 1.6 billion people. Today, there are over 6 billion, of whom around 1.2 billion subsist on less than US\$1 per day. It is impossible for so many people to be fed, clothed, housed and provided with the necessities of life at affordable prices without the efficient mass-production of goods. Those of us living in developed countries take for granted relatively

cheap food, clothing, steel, glass, paper, transport and so on, because we have forgotten how expensive in time and money (adjusted for inflation of course) such products used to be. It is only through economies of scale gained through industrial processes and large production runs that the relative prices of most goods have been

**Those of us living in developed countries take for granted relatively cheap food, steel, glass and paper.**

reduced to a point where they have become affordable for the majority of people rather than just the rich.

These declines in prices are one way in which the real incomes, or purchasing power, of the poor can be increased. What matters more than people's absolute incomes in monetary terms is what goods and services they can buy with those incomes. But, aside from reducing demand, relative prices can fall only by increasing supply, through increased production and trade. Of course there are exceptions for particular individuals and communities in particular places, but as a general rule, efficient industrial production and trade are good news for the poor. They enable people to buy what they need more cheaply, thereby increasing their real incomes.

## Outward-oriented approach

Trade is also crucial to national development. Those developing countries which have been most successful have generally been those that have pursued an outward-oriented approach to trade and industrialisation. Since export industries produce goods for the world market, their products have to be of consistently high quality. Such industries also tend to be more productive. India, with a massive internal market, virtually stagnated for many years trying to pursue a more or less self-sufficient path.



*India, with a massive internal market, virtually stagnated for many years trying to pursue a more or less self-sufficient approach to trade and industrialisation.*

Small countries that try to do the same can end up far worse, as North Korea amply illustrates.

However, advocacy of an outward-orientation, and production of goods for export, does not imply an equal advocacy of completely free trade for developing countries. It may be quite appropriate for developing countries to place certain restrictions on key imports, either to prevent balance of payments problems or to protect infant industries. Of course, such protection imposes a cost on domestic consumers, and unless the protection is temporary, it will produce a fragile, bloated drain on the treasury. Nevertheless, the United Kingdom, Germany, France, the United States, and, more recently, Japan, Korea and Taiwan, all used selective protection, subsidies, tax breaks and other measures to nurture their industrial bases. But these industries also relied heavily on exports to ensure that most of their industries could produce to international standards.

In short, autarky and "localisation" offer no solutions for developed or developing countries, but neither is rapid liberalisation necessarily the best alternative.

The 2001 World Bank "World Development Report" will be on

**NGOs and developing countries should focus their wrath on the 'one size fits all' approach of the WTO and others.**

"institutions for markets", in recognition of the crucial role that institutions play in economic development. In fact, it is increasingly acknowledged that sound, well functioning institutions, such as the rule of law, contract enforcement, transparent and accountable government and so on, must be established *before* substantial economic liberalisation is undertaken. Otherwise you end up with a mess, as we have seen in Russia. So the World



*Solid, well-functioning institutions can take a generation to develop. Will developing countries be given this time, or will they be forced into premature liberalisation?*

Bank is starting to encourage a country-specific approach to institution building that takes into account local customs, culture and history.

This is a welcome and long-overdue development. As Roumeen Islam, director of the WDR 2001 team, acknowledged recently, it is not an area which the Bank has looked at in detail in the past.

### **One size fits all**

Meanwhile however, the WTO Uruguay Round trade agreements continue to take a "one size fits all" approach to the special needs of developing countries. Countries other than the 48 Least Developed Countries are arbitrarily allotted a mere 5-10 years to adjust to most of the agreements, regardless of their stage of development and the quality of their institutions.

These two approaches are fundamentally divergent. If the Bank's discovery of the importance of institutions is taken seriously, the implications for the WTO's liberalisation agenda are enormous. Solid, well-functioning institutions can take a generation to develop. Will developing countries be given this time, or will they be forced into premature liberalisation?

Greater clarity is desperately

needed in the globalisation debates. Trade itself should not be the target, nor should the mass-production of goods and services. Nor even, dare I say it, the existence of TNCs. Rather, NGOs and developing countries should focus their wrath on the "one size fits all" approach of the WTO, the inadequate restraints on corporations that have grown too powerful, the imbalances in the Uruguay Round agreements, and the failure of OECD governments to provide anything like adequate resources in aid and debt relief.

Indeed, the hypocrisy of most OECD governments is breathtaking—they are trying to drag developing countries into yet another trade round before most of them have digested the last one, while whittling away their own aid budgets, stalling on debt relief and continuing to deny developing countries effective market access for their exports of textiles, agricultural commodities and processed goods. Is it any wonder a global backlash against "globalisation" is brewing? ■

*Brett Parris is World Vision's policy researcher for global economics.*

# Even street vendors feel the effects of globalisation

Christopher Shore

**IT'S USUALLY** the huge transnational corporations like Nike, McDonalds and Starbucks that come to mind when globalisation's impact on business is mentioned. But the ripple-effect of globalisation extends well beyond big-name businesses.

Globalisation affects the small farmer in Africa through commodity pricing outside his or her control. It affects the street vendor in Latin America, selling drinks manufactured by a transnational corporation whose image is plastered on signs and billboards throughout the continent. It affects the East European factory worker whose job is lost when international market forces confront old policies designed to support full employment.

In a sense, globalisation is a double-edged sword. There is no denying the negative side, in which many of the world's poor are becoming poorer. Many find they have less control over their economic destinies, and less ability to effect policy changes in a world where national policy is made redundant by international trading rules.

So, where is the positive side?

## Access to capital

One positive effect is the impact globalisation is having on policies and programs that support the micro-entrepreneur. One important tool for helping micro-entrepreneurs improve their businesses is access to capital. Until relatively recently, many of the working poor did not have access to capital—simply due to their poverty. However, in the late 1970s and early 1980s, several organisations, such as the Grameen Bank, Banco Sol, and the Mennonite Economic Development

Associates, challenged conventional wisdom that held that the poor were bad credit risks. They created models which were, and are, durable, sustainable and effective. As a result, rather than relying on assistance hand-outs, poor micro-entrepreneurs have been able to acquire capital which has enabled many of them to earn their way out of poverty.



Since those early days, globalisation has reached the world of micro-finance. In this case, globalisation has been advanced by donors seeking to improve life for the poorest of the economically active. Groundbreaking work by the Small Enterprise Education Project (SEEP), financed through USAID, set standards for institutions working in micro-finance, addressing technical issues such as reporting and client impact.

While still lamentably inadequate, capital is beginning to flow to the micro-entrepreneur, and is doing so in ever-better, more effective, more sustainable ways. One hope that many micro-finance practitioners have is that the globalisation of micro-finance practices will mean that the micro-entrepreneur will have access to

effective credit and savings products, regardless of where they happen to live in the world.

Like it or not, organisations wishing to enter the domain of micro-enterprise lending cannot ignore the emerging performance standards which the globalisation of micro-finance has imposed. This imposes a rigour and discipline on those who want to be effective agents of transformation, resulting in ever more professionalism and sustainability.

## Global standards

World Vision, having begun its work in micro-finance relatively recently—starting in the early 1990s in Latin America and the mid-1990s in Eastern Europe—is experiencing this positive effect of globalisation. In order to access the donor capital needed to expand our work in micro-finance, all of our work in micro-credit operations must meet the global standards of excellence. Reporting formats must meet industry standards. Performance indicators must meet or exceed the hurdles established by the global micro-finance industry. Client impact in terms of job growth, improvement in the owner's

wealth and status, and life expectancy must not only keep our managers smiling, but must stand the test of competition with others doing the same kind of work.

In a world growing increasingly small, indifferent performance spells trouble, not only for a steel company competing in world markets, but also for a development agency providing access to credit for the micro-entrepreneurs of the world. And higher standards, when adhered to, will ultimately spell better chances for those on the receiving end of micro-enterprise assistance to succeed. ■

*Christopher Shore is director of World Vision's micro-finance development group.*

# Millennial meetings major on rhetoric, minor on details

Matthew Scott

**IN THE FIRST FEW MONTHS** of the millennial fiscal year, world leaders have attended a proliferation of millennial global meetings. With lofty titles such as "Global Solidarity: the Way to Peace" and "Millennium World Peace Summit of Religious Leaders", these conferences promise an exotic variety of solutions to the world's ills.

NGOs familiar with the promises made at various summits during the last decade, however, have developed an impatient cynicism with the noble-sounding rhetoric. Only these world leaders themselves, after all, can make the tough decisions that will prevent conflict, alleviate poverty and create a sustainable global future.

In the last days of August 2000, more than 2,000 NGO representatives from 60 countries gathered for the annual consultation between the United Nations and NGOs. At the same time, a global gathering of religious leaders met in the General Assembly. The following week, the UN General Assembly opened its much-awaited "Millennium Summit", the largest-ever gathering of heads of state, with 160 presidents, prime ministers or monarchs each giving formal statements. The Bretton Woods Institutions millennial meetings convened the following week in Prague, Czech Republic. Despite this flurry of concern, however, what has changed? Indeed, can civil society realistically expect anything productive from these prominent international meetings?

At the annual UN-NGO meetings in August, UN Secretary-General Kofi Annan acknowledged the centrality of civil society input into his own Millennium Report. Annan duly credited the willingness of NGOs to put forward proposals addressing the biggest challenges of our time, from

poverty to peace to the environment. Annan also affirmed the role of NGOs in forming creative policy networks on topics from debt relief to banning landmines, and concluded: "For more than half a century, NGOs have been allies of the UN. Today you are our partners in every sense of the word. Your voices will be heard."

## Conflict prevention

The voices of the world's religious leaders were indeed heard in the UN General Assembly just days after Annan's comment. Despite the much-publicised absence of the Dalai Lama, the World Peace Summit of Religious and Spiritual Leaders aimed to create a climate for inter-religious understanding as a means for conflict prevention and resolution. The World Council of Churches (WCC) raised questions about the organisers' ambitious and unfocused agenda, but endorsed the principle of this kind of event. The increasing interest of the UN in religious matters augurs well for faith-based organisations, but such events have some way to go to establish the credibility and potential of inter-religious dialogue as a means to conflict prevention. In a press release on the WCC web-site, Rev. Dr. Hans Ucko, executive secretary of the WCC's team on Interreligious Relations and Dialogue, commented that "We have prayed in their house. This shows the eagerness of the followers of the different religions to support the UN."

The Millennium Summit also exuded an air of unanimity and solidarity amongst world leaders for peace, but featured dissent on the question of economic progress for all. In their statements, most heads of state emphatically affirmed the need for a reformed and strengthened United

Nations system. The sharpest rebuke, however, came from developing world leaders who sharply criticised OECD members for failing to provide timely debt relief and refusing to open the global economy on fair terms. In addition, many "middle power" and developing states criticised the consolidation of power, particularly by the Security Council, in the hands of a few wealthy states.

Annan also added to the discussion of reform when he commissioned former Algerian Foreign Minister Lakhdar Brahimi to head an international panel thoroughly reviewing the UN's peace operations. The report was published on the internet during the Millennium Summit, and enjoyed the enthusiastic endorsement of a majority of member states. Its proposals focus mostly on improving the "fire brigade" capacity of the UN system to respond to violent conflict, however, and do little to shift the emphasis of the international community toward conflict prevention.

While an emphasis on conflict prevention is eminently practical, it exceeds the appetite of the international community for change. In fact, most of the admirable proposals for world peace and justice that were paraded in front of the world's policymakers in August and September require little more than political will. In its policy paper on the Millennium Summit, Oxfam International called for a "decade of delivery" on promises made at international meetings. Kofi Annan's Special Representative for Children and Armed Conflict, Olara Otunnu, has passionately argued for an "era of application" for the rights of children.

Whichever phrase wins the day is irrelevant; it is time for the major powers, and particularly the permanent five members of the Security Council, to close the credibility gap. They must apply their rhetoric and deliver on their promises. ■

*Matthew Scott is World Vision's policy officer for peace-building and emergencies.*

# Public health in a world where germs know no boundaries

Eric Ram

## MENTION GLOBALISATION

and most people think economics. Fair enough. Globalisation certainly is about economics, and the positive and negative impact of economic policies around the world. But globalisation's reach extends far beyond economics. It also affects political, social, cultural, ecological and ethical aspects of our lives. And it affects our health.

From a public health perspective, globalisation is a mixed blessing. On one hand, accelerated economic growth and technological advances have improved health and life expectancy in many communities. On the other hand, the erosion of public health and the spread of disease can occur at frightening rates. Today, no microbe in the world is more than 24 hours away from the gateway of any country—industrialised or developing. What incubates today in Congo can emerge tomorrow in Los Angeles.

Of course, globalisation and its effects on public health are nothing new. Centuries ago, seagoing merchants and explorers bore not only a lust for gold and new lands, but germs and viruses that infected far-flung civilisations with smallpox, plague, typhus, polio, measles and influenza. Settlers, in their quest for freedom or a new way of life, transported not only belongings and hopes, but also unique strains of disease to defenceless indigenous populations. What is different today is the pace and scale at which globalisation—and hence, the spread of disease—is accelerating.

## Not our concern

Globalisation, which has spurred prosperity in the North, has also pushed everyone into one big microbial pond. No longer can we turn our backs as if frightening health situations on the far side of the planet are not

our concern. With 2 million people crossing international borders every day, the idea of keeping germs and viruses contained within artificially drawn boundaries becomes ludicrous.

On the positive side, globalisation provides us with an unprecedented opportunity to collaborate in research, standardisation, policy formation and monitoring in an effort to solve common public health problems. In light of rapid growth in transport systems and the mass migrations of people, it is vital that we have international conventions and treaties that are binding on governments to put proper checks on the transmission and spread of diseases.

## More than diseases

In terms of global public health, communicable diseases are not our only concern, however. Substance abuse takes a heavy toll on public health, especially in developing countries. Take tobacco, for instance.

According to the World Health Organisation, tobacco use kills four million people annually world-wide. This figure is expected to swell to 10 million by about 2020, by which time 70 percent of tobacco-related deaths will occur in developing countries. Yet transnational tobacco companies—mostly based in the USA, the UK and Japan—seeing massive marketing opportunities and benefiting from market liberalisation and penetration, are pushing their deadly products in developing countries, which are already over-burdened with a host of infectious diseases. Their special targets are women and youth.

Can the world unite in its battle for decent public health? Perhaps. But several things are needed.

We need more comprehensive research on the effects of globalisa-

tion on health. This could lead to the development of international standards and policies in response to the needs created by globalisation.

We must learn to use modern technologies more effectively in the timely transfer of information—as well as in monitoring and treatment—in order to stop diseases in their tracks before they spread beyond village level. To some extent, the availability of vaccines and drugs has helped in controlling some epidemics. But more is needed. We must be more proactive globally in dealing with all diseases, rather than a few selected ones, like Ebola.

## A more effective mechanism

To achieve global public health, we must develop a mechanism which is more effective than current models. It should be above politics, and capable of objective monitoring. It should have the credibility and authority to develop and implement international treaties and conventions on health, holding transnational corporations, industries and businesses to be more transparent and accountable for the effects of their products.

NGOs can develop coalitions of networks that are committed to combating diseases and improving global health. And they can be more actively involved in monitoring cross-border health activities and violations of health treaties and practices.

Globalisation requires that we build an international framework within which economic processes will promote better health and quality of life in a community where equity, justice and human dignity set the parameters. For this to happen we need national and international communities working together to develop and implement international health conventions. And we need effective global governance for the monitoring and supervision of public health. ■

*Eric Ram is director of international health for World Vision, and director of World Vision's international liaison office in Geneva.*

# 'Future Positive' is possible, with civil society's help

Don Brandt

**MIKE EDWARDS'** main argument in "Future Positive: International Co-operation in the 21st Century" is that a truly humane global political economy demands routes of passage between the "heavy-handed state interventionists" (p. vi) and *laissez-faire* capitalists. Without a new approach, the elimination of absolute poverty is impossible to achieve. Edwards makes the assumption that this would encourage more people to participate in the political process. Participation, in turn, will yield an extensive and viable civil society at community, state and global levels.

The most important concept in Edwards' thesis—the fuel that will drive the "third way"—is co-operation. Edwards believes that most people have a reservoir of good will that is best seen in communities, but has the potential to be tapped at the state and global levels. Unfortunately, this instinct often is repressed in statist regimes or destroyed by paternalism in industrial societies. The reader should take heart, as the author feels that people's innate desire to co-operate is the cornerstone on which a new approach can be built.

Edwards' analysis suggests that a world of unregulated financial traders and *malquildoras* has done little to reduce unemployment and absolute poverty in the developing world. Equity was never a by-product of capitalism. Needed is a Marshall Plan to eliminate absolute poverty. Foreign aid is attacked by critics in part due to a lack of vision of what aid can realistically do. At the same time, private foreign direct investment (FDI) is touted as a growth panacea for the South. As a result, aid has declined in countries where it is most needed, as in sub-Saharan Africa.

This seems to be a perverse read-

ing of history, says the author, given the "East Asian Miracle" that depended on both aid and government policies. The result was a "virtuous circle" (p. 51) of policies that stimulated both growth and equity. Edwards makes the case that what happened at the East Asian country level could happen at the local or project level. Here he casts his critical eye on international non-governmental organisations (INGOs). INGOs are criticised for their high operating costs, lack of accountability, and distrust of the people they are supposed to be helping. Edwards goes on to imply that most INGOs don't understand the causes of poverty at the grass-roots level.

## Advocates for change

No wonder, then, that most projects are unsustainable. The remedy is for INGOs to strengthen the material and socio-psychological assets of the poor. Essentially, INGOs need to be advocates for political change by broadening the base of citizen participation in the communities where these organisations work. This means that INGOs need to make long-term commitments to pro-poor processes of change rather than short-term donor-driven projects.<sup>1</sup>

The author is both an idealist and a pragmatist. Both traits are shown in his chapter on "Humanising Capitalism". Capitalism may be bad, but the alternatives are worse (p. 144). So, to ensure economic growth with political freedom and social cohesion, there is little choice but to humanise capitalism. This is the state's role. Redis-

tribution of assets is needed to promote growth with equity. Elites must loose some power if economic gains of the poor are to be sustainable.

Global governance that humanises capitalism will require global citizens building constituencies for change around visions (p. 186). The politics comes in erecting constituencies that are held together by co-operation. These constituencies are part of civil society. Hopefully, the pro-poor groups include INGOs. If so, INGOs will need to transform themselves from primarily service providers to social activists.<sup>2</sup> To do so, INGOs must shift from competition and market brand management to constituency building in order to tackle poverty and violence. Oxfam, says Edwards, is on the road to doing just that.

"Future Positive" is not a book to be handled lightly. The author is audacious enough to think positively about the future despite his many years in the development industry. Certainly, the role of the state to humanise capitalism is a pro-poor requirement. Here, the importance of a viable civil society comes into play, one in which INGOs should be a main component. ■

1. Edwards is not trashing INGO efforts, but he does want to see them seriously overhauled. Outside influence is desired since "Good results are always based on a judicious blend of tradition and challenge" (p. 81).

2. The role change from provider of goods and services to advocate is cited elsewhere. For example, see Alan Fowler, "Striking a Balance" (1997); David Hulme and Michael Edwards, eds., "NGO Performance and Accountability" (1996) and "NGOs, States and Donors" (1997); and David Sogge, ed., "Compassion & Calculation" (1996).

Don Brandt is senior researcher at the World Vision Partnership Office.

# Country profile: Bolivia

Alison Preston

**LANDLOCKED BOLIVIA** is the most isolated of the Latin American republics, and has the highest percentage of indigenous people. It is also one of the poorest. Among countries in the Americas, only Haiti is poorer.

About 50% of the population maintain traditional Indian values and beliefs, although 95% profess Roman Catholic faith. Named after independence fighter Simon Bolivar, Bolivia broke away from Spanish rule in 1825. Its subsequent history includes nearly 200 coups and counter-coups.

After opening the economy to foreign investment and trade in the mid-90s, Bolivia experienced rapid growth, from hyper-inflation rates of 24,000% in the early 1980s to 1.56% in 1999. Nevertheless, 70% percent of Bolivia's 8 million inhabitants remain in poverty. The UNDP reports that 37% of the population lack access to safe water, and 42% are without sanitation. One result is a very high mortality rate in children under five.

In September, Bolivians staged their most intense protests since democracy returned in 1982, bringing the nation to a standstill and causing over US\$100 million in losses. Aymara and Quechua indigenous people are

fighting against the United States-backed destruction of coca crops by Bolivia's government. Other protest issues have included education and the increased cost of water, fuel and essential goods.

During his term from 1993-1997, President Sanchez de Lozada had made sweeping economic reforms, privatising the communications, trans-



port, and power industries. He also signed a free-trade agreement with Mexico and Mercosur, a trading block of Brazil, Argentina, Uruguay and Paraguay.

## Mixed results

However, Bolivia's open market economy has had mixed results. Cheap, high-quality imports have left many residents unable to compete. Domestic producers have been forced to sell at reduced prices. The indige-

nous Quechua and Aymara people have plunged into abject poverty. Liberalisation has sent the price of their produce plummeting, while import products have become unaffordable. Poverty in these communities can be seen in high mother and child mortality rates and in widespread malnutrition. Since their economies are based on subsistence farming, generating cash to purchase food requires a drastic change in agricultural practices.

The cultivation of coca leaves has been a primary target under the United States government's conditions on aid for Bolivia. Bolivia is the world's third-largest producer of coca, after Colombia and Peru. At the height of coca production about five years ago, one in every eight Bolivians made a living off coca. The net income per hectare of coca is 13 times more than that for corn, and over three times more than for cocoa.

Despite its internal difficulties, the government's free-market policies have won the support of the international community, resulting in a steady flow of aid. The health and education sectors are heavily dependent on donations and foreign credit. In 1995 they covered 88% and 95%, respectively, of investment in the two sectors. Bolivia is the second country approved to receive US\$760 million of debt relief under the World Bank/IMF Heavily Indebted Poor Countries (HIPC) initiative. ■

## World Vision's response

**WORLD VISION** has been working in Bolivia since 1982. Through community-based programs, World Vision is serving poor people by installing clean drinking water systems, planting trees to prevent erosion, providing sewing classes, and offering relief support to families displaced by disaster or conflict.

Bloody conflict continues between the Laymes and Qaqachacas

people—descendants of the Incas. Fighting over land, and during cultural festivals, regularly claims lives, leaving some children orphaned. World Vision provides relief to affected families, and continues agricultural development and cattle raising programs to improve family incomes. World Vision staff are working to develop conflict resolution skills within the communities.

World Vision supports communities who are working in solidarity

for the benefit of women, children and young people so that they may have sustainable, just and dignified lives, says Julieta Quiroz, national director for World Vision Bolivia.

"Through these programs, people have the potential to overcome financial dependency on World Vision and other institutions. They also acquire skills in self-administration in order to create more autonomous and authentic leadership." ■

# Globalisation: The poor must come first

Dean Hirsch

**DURING THE HEIGHT** of the recent Asian economic crisis, I met a spirited, 10-year-old girl in a slum near the port in Jakarta, Indonesia. Like most of the slum's children, Mariana was small for her age. Her daily diet of rice seasoned with bits of fish was insufficient for normal growth.

In good times, Mariana went to school and her family barely got by. Her father earned money by collecting sea sand in a small wooden boat and selling it to building contractors. But the drastic currency devaluation that accompanied Indonesia's economic collapse had reduced his weekly income from \$10 to \$1. Meanwhile, the price of rice, the staple of the family diet, had multiplied several times.

Jakarta's building projects had halted virtually overnight. The slum's unemployed construction workers begged for piece labour or scavenged through garbage dumps. Children, whose parents could no longer afford school tuition, shelled mussels to earn the equivalent of 30 cents a day.

Mariana's family and neighbours correctly blamed the corrupt government of President Suharto with its cronyism, bad loans and poor economic policies for their predicament. But their desperate situation was aggravated by globalisation. Foreign

capital that flooded into Indonesia during good times quickly departed when things went sour. As always, the poor bore the brunt of the suffering.

I am not arguing against globalisation. I think globalisation is inevitable. Technology, open markets, and international corporations with earnings larger than the gross national products of many nations quickly move

**Global institutions must continually ask the question: 'How does what we are doing affect the poor?'**

money, products and culture around the earth. As a result, people's minds are opened to an unprecedented range of ideas and influences. We drive Japanese cars on South American roads, eat Italian cuisine in Asia, and hear America hip hop music in the African bush. Those dwelling in even the slums of Bombay, Nairobi or Lima absorb the world from television. Some of what we experience panders to our worst tastes, but other experiences can inspire our better—even our best—instincts.

Unregulated, laissez-faire globalisa-

tion, however, will continue to weigh heaviest on the weakest. I am not an economist. I can't recommend particular measures for regulating capital, loans, trade or investment policy.

But I do know that in a world where national borders count less and less, governments, transnational corporations, and global institutions must continually ask the question: "How does what we are doing affect the poor?" The poor must come first.

I know of a church organisation where one of the first questions asked at every meeting is: "How does what we are about to discuss here affect the poor?" If there is no potential positive effect on the poor, the meeting agenda is reconsidered.

If the poor are not part of the conversation, they will remain on the margins of the global economy. Their labour will be exploited; their produce under-valued and under-priced; and their demands for fair wages, safe working conditions, job security, and future opportunity ignored.

As a Christian, I am called to follow the Great Commandment: Love God and love my neighbour. I cannot love God and ignore my neighbour. I cannot serve God and abandon those created in God's image. I cannot know God if I fail to see Christ's spirit reflected in the poor.

Globalisation puts the world's vulnerable, hungry and hurting poor at my doorstep. I must not ignore their cries. ■

*Dean Hirsch is international president of World Vision.*

**WORLD VISION** is a Christian relief and development partnership which serves more than 70 million people in nearly 100 countries. World Vision seeks to follow Christ's example by working with the poor and oppressed in the pursuit of justice and human transformation.

Children are often most vulnerable to the effects of poverty. World

Vision works with each partner community to ensure that children are able to enjoy improved nutrition, health and education. Where children live in especially difficult circumstances, surviving on the streets, suffering in exploitative labour, or exposed to the abuse and trauma of conflict, World Vision works to restore hope and to bring justice.

World Vision recognises that poverty is not inevitable. Our Mission Statement calls us to challenge those unjust structures, which constrain the poor in a world of false priorities, gross inequalities and distorted values. World Vision desires that all people are able to reach their God-given potential, and thus works for a world which no longer tolerates poverty. ■



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