

The Challenge of Globalization

Remarks by Ambassador Carol Moseley Braun

The Asia Forum

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Thank you Mr. Sos for that very nice introduction.

It is a personal pleasure for me to have this opportunity to join your discussion group this evening. I am particularly delighted with the Asia Forum's emphasis on discussion and debate, rather than lecturing and listening. I look forward to a healthy exchange of views later on.

I like to say that I have been made Ambassador to Paradise. This singularly wonderful assignment requires that I take up the challenges of diplomacy, and leave behind me the fact that I am a reformed lawyer and a recovering politician. After twenty years of the rough and tumble of the public policy arena, I have had to learn the diplomat's art of leaving the policy making to others. This is very difficult, particularly in light of your invitation to speak this evening.

The fact that the Asia Forum has for the past several years been engaged in shaping the debate concerning some of the most central issues in the Asia-Pacific region, in a country that shapes the debate for the world, inspired me to push the edge of the diplomat's job description in the direction of my former professions. Inasmuch as the elections are about to take place back home in the United States this decision borders on the reckless. But your role, and your contribution is important, not just to New Zealand, but to the world, and I could not personally resist the temptation to share with you some considerations about a debate in which both the U.S. and New Zealand have a particular interest.

I noted with interest the impressive list of previous speakers to the Asia Forum, and the many vital issues they have addressed. This points not only to the important role the Forum plays in shaping public debate, it also highlights the dizzying array of issues countries in the Asia-Pacific region face today. Twenty years ago, who would ever have thought a group would gather to hear about China's views of the Balkans?

The faster society changes, the more the contribution of organizations such as the Asia Forum is needed to help understand the changes taking place. We may speak in general terms about the "technological revolution" and the "information age", but, as usual, it is in the consequences, unintended and otherwise, of that progress that the contours of our new society are drawn. For those of us of a certain age -I like to refer to the generation that remembers carbon paper- the dizzying speed in which change occurs can be daunting, if not overwhelming. But it is precisely because we have earned the gray hairs that the challenge of addressing the new questions posed by a speeded up world is all the more critical.

I spoke at Victoria University in Wellington recently, and was asked a question by a student that turned out to be a speech about what she called "Americanization-globalization". She said it in just one word, but it was clear that she had coined her own language to communicate "forces of evil". Her point, however, was not so much anti-American, but in opposition to what she saw as a threatening dilution of her values by the unprecedented worldwide economic integration that technological and political change have permitted.

This is because the debate about "globalization" is not just a debate about business, or about whether or not companies will make money, it is, at the end of the day, a debate about values, and about the kind of society we will enjoy today, and pass on to our children tomorrow.

For all of the change we are witnessing in our time, the truth is that the core challenges remain the same: whether our generation will be able to leave the world better off than we found it. The French say it elegantly with *Plus ça change, plus c'est la même chose*: The more things change, the more they remain the same. It is precisely because the rate and pace of change is so accelerated that the need to focus on and define the ethical underpinnings of policy and decision making is more important now than ever.

The faster things change, the more important it is that the values that we hold up as representing both the foundation and the aspirations of our society receive the public support and consensus that will be necessary to preserve them. We cannot take for granted that that which "goes without saying" should. Efforts such as you have undertaken to encourage dialogue and debate about events in the region play a particularly important role in shaping the climate of opinion out of which policy decisions will emerge.

We have all seen demonstrations in Seattle, Washington, Prague and Melbourne, each one pointing to economic expansion as a threat to core values such as social justice, environmental protection, labor and human rights. These protests spring, in part, from a sincere discomfort with the confluence of technology and capital, and from a concern for the ethics of growth.

President Clinton, at the World Economic Forum in Davos, Switzerland last year, spoke to the challenge of these protests. He noted that, despite a record long economic expansion and the lowest U.S. unemployment rate ever recorded, anti-trade sentiment in the U.S. was stronger than when he took office eight years ago.

But he made the point, an important one, I believe, that rather than shrink from the debate or the challenge of the protesters, we should engage and argue through the specific issues and concerns they raise in an attempt to find common ground. Only by meeting the fear and discomfort of many would public support for trade expansion be maintained. For democratic societies, such public support is essential.

The case can and should be made that a global trade and economic architecture can in fact be a bulwark for the protection of core societal values. We have a window of opportunity to use the economic influence of the developed world to define the ground rules for a worldwide competition that is consistent with our societies' larger interests and aspirations. Particularly as globalization brings new markets and new competitors into the provision of goods and services, the architecture for world trade can be shaped in ways that protect our values and build public confidence and consensus.

For example, one of the main criticisms of "globalization" is that trade liberalization harms the environment. As the Cole Porter songbook would say "It ain't necessarily so." There is a clear and demonstrable correlation between a country's income and its ability and willingness to protect the environment.

Developing countries with economic resources can, and will, take better care of the environment. Nations with crushing debt and feeble or stagnant economies will not. Faced with a stark choice between feeding their families or saving the rain forest, many in the developing world will opt to eat. Economic growth can be the key to enhanced environmental protection, whether in developing or developed nations.

Moreover, the relationship between trade and the environment goes further than simply providing extra income for the protection of natural resources. Breaking down barriers and freeing up trade and investment flows can put in the hands of governments and businesses precisely the kinds of new environmental goods, services and technologies they will need to deal with 21st Century challenges. Free trade and, dare I use the word, "globalization," can help countries better protect their natural resources by giving them the right tools with which to do so.

Another point of protest against "globalization" is the argument that the elimination of trade barriers leads to a degradation of labor standards in advanced economies. The reality is that working people have FEWER labor protections in closed economies than in open ones. Moreover, the growth provided by increased trade, the introduction of "best practices" required by foreign investment, the development of uniform legal and accounting standards, the creation of international dispute resolution institutions, all of these aspects of - dare I say it - globalization serve to enhance, not diminish labor standards. Not even the defense of tradition and custom will be able to protect abuses such as child labor from international condemnation.

In the OECD's recently adopted "Guidelines for Multinational Enterprises," 33 nations, including New Zealand and the United States, established a set of principles for business which respond to a call to advance core values in the global economy. This parallels the development of rules in the OECD and other fora against child labor, bribery and other business practices that are incompatible with our shared worldview. The OECD Guidelines make clear that they are created to:

"Strengthen the basis of mutual confidence between enterprises and the societies in which they operate"

By addressing the interface of business and social imperatives, the Guidelines give developed world firms a point of reference that promotes, instead of diminishes, both the public interest and public confidence.

That confidence will be eroded if the benefits of enhanced trade do not flow to all, if the rising tide fails not only to lift all boats but leaves some of those boats stuck on the bottom. It is frankly encouraging that so many of the young people protesting "globalization" are in fact attempting to raise consciousness regarding the distributive questions that wealth production does not directly, or necessarily, address. Again, notions of social justice and income inequality are essentially value and ethical issues, and the debates about those issues are central questions for our time.

That is why I believe that President Clinton's admonition is so important. We ignore the protests at our peril. Instead of reacting to the protest, we should take up the debate, for it is in reasoned discussion that the strongest case for the public interest can be made.

This is where the issue of the public interest is joined with the business imperative of profit. If wealth creation is the issue, then firms in industrialized nations with rules and laws concerning child labor, for example, are at a competitive (e.g. profit) disadvantage to firms in nations that have no such restrictions. The latter can therefore either forgo the profit to the child exploiter, or seek to support multilateral efforts to strengthen protection against labor abuses, and so create a market in which all may compete fairly. The same could be said to apply to environmental protections, or human rights, or equality of opportunity.

Doing Good and Doing Well are not mutually exclusive concepts for business. We have an opportunity to develop an architecture for the new global economy that promotes wealth creation while giving people a sense that the process is fair, and honorable and in keeping with what we want to think about ourselves. Seen in this way, globalization provides us with a chance to spread what the U.S. constitution calls "the blessings of liberty" to the world.

In his introductory speech to the Millennium Summit held in New York last month, Kofi Annan, the Secretary General of the United Nations said:

"In this new era, people's actions constantly-if often unwittingly-affect the lives of others living far away. Globalization offers great opportunities, but at present its benefits are very unevenly distributed while its costs are borne by all. Thus the central challenge we face today is to ensure that globalization becomes a positive force for all the world's people, instead of leaving billions of them behind in squalor. Inclusive globalization must be built on the great enabling force of the market, but market forces alone will not achieve it. It requires a broader effort to create a shared future, based upon our common humanity in all its diversity."

That is what the globalization discussion is really about: making technology and economic progress comport with our sense of who we are and how we want to be seen by those who will come after us. We will either master the technology and its products, such as globalization, or we will be victimized by its power. Economic globalization can either become a destructive race to the bottom or a triumphant march to the top, in which the powerful engine of market forces is employed by enlightened to lift the world's people to a new level of prosperity.

How we resolve these issues in regards to the public interest in this new global world order can be taken as a litmus test of our success, a barometer of our vision, or an epitaph of our generation. We have the choice.

I like to quote Abraham Lincoln who said, "In this country, public opinion is all."

What he said so succinctly is that in the end, how people talk about and see their reality sets the predicate of their reaction to it. Public opinion is a powerful tool, for good or for ill, and it is especially important in driving decision making in democratic societies. Laws grow out of policies, and policies grow out of a climate of public opinion. And a climate of opinion is just like any other weather system; it depends on the hot air rising from the ground.

But it all starts with the power of one. Each person has the capacity to choose to weigh in on the debate about our generation's legacy to the children of the world. Each of us can choose to be energized by the great challenges of our time, or can decide to be overwhelmed by them.

As groups such as the Asia Forum raise the important questions and frame the debates of our time, you impact the climate of opinion about these issues in profound ways. As the barriers and boundaries of the world fall, and the distances between us shorten, your contribution to the debate can help ensure that globalization does become a force for improvement of the standard and quality of life worldwide, and not the ineluctable marginalization of the powerless.

The Maori have a phrase: I nga ra o mua,(een Gah Rah Oh Mo Ah) that speaks to the concept that the past is in front of us always. In that tradition, the past stands in front of us as a prologue to our actions. The unknown and unknowable future stands behind us, unseen and mysterious. That future, however, will be the legacy of the actions we take in present time. It is in this continuum that the human story unfolds.

Our ancestors faced the challenges of their time with hope and a commitment that they could leave the world a better place for those who came after them. Indeed, progress depended on their willingness to hope for a better world, and for a society that conformed to their expectations and aspirations. That is the past that stands before us.

The actions that we take today will determine if as much will be said of our generation. We have a chance to hold our society to the principals and values that we inherited, and in so doing honor the past and do justice

to the future. The contribution we are called on to make speaks not only to our inheritance, but to our legacy. It will reflect the care with which we shepherd that which is given to us and the importance we place on that which we will leave behind.

Before I close, let me just say a brief word about an issue I know is of great interest to the Asia Forum, China's entry into the WTO. I realize this is the topic of your next meeting, so I won't examine the issue in detail.

I have spent much of my time here tonight talking about challenges ahead of us, and indeed many of them are daunting. But there is reason for optimism that these challenges can and will be met. For proof, I look to the recent debate in the United States over granting Permanent Normal Trade Relations (what we used to call Most Favored Nation status) to China, which was a necessary step to gain U.S. agreement to China's entry into the WTO. This was a hard fought debate that took place over many months, and involved many segments of American society. The issues at stake were ones that feature heavily in the globalization debate, such as social justice, human rights and labor standards.

In the end, an agreement was reached that preserved our ability to address these issues bilaterally and multilaterally even while we bring China more firmly into the rules-based global trading system. This result was supported by sizable majorities in both the House of Representatives and the Senate, and as I am sure most of you are aware, President Clinton signed the bill into law on October 10. This shows to me that you can have a healthy and productive debate about the issues involved in globalization, and end up with a policy that enjoys the democratic consensus needed for that policy to be sustained. In the end, the argument that we would all be better off with a China inside rather than outside the global trading tent won the day. As President Clinton stated after the Senate vote, "I want to acknowledge those who raised important questions about [the China] policy, and to say to you this is not the end of the story, it is a beginning. We have a chance - not a certainty but a chance - to strengthen our prosperity and security and to see China become a more open society."

In conclusion, I want to applaud the Asia Forum for making such a vital contribution to the public policy debate and I look forward to the discussion I hope I have provoked with my remarks this evening.