Report on
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Second Committee

Panel on High-Level Panel on Globalization and the State
2 November 2001

A panel discussion on 'Globalization and the State' was organized by the Division for Public Economics and Public Administration as part of the work of the Second Committee on Friday, 2 November 2001. The Meeting was chaired by H.E. Francisco Seixes da Costa (Portugal), Chairman of the Second Committee. Mr. Nitin Desai, Under-Secretary General of the Department of Economic and Social Affairs acted as the moderator for the discussion. The speakers were H.E. Professor Apolo Nsibambi, the Right Honorable Prime-Minister of Uganda; H.E. Mr. Jesús Posada Moreno, Minister of Public Administration, Spain; H.E. Mr. Carlos Genatios, Minister for Science and Technology of Venezuela; Mr. Ahmad Kamal, former Ambassador of Pakistan to the United Nations; and Mr. Anthony Giddens, Director, London School of Economics and Political Studies, United Kingdom.

The panelists and the participants discussed various aspects of globalization and their implications for the changing role of the state. The main themes of the discussion are presented below.

Why the debate on globalization?

It has been stressed that right now the debate about globalization has moved to its second phase. In the first phase, it was focused on discussing whether 'globalization' existed at all and whether it differed from other similar periods in human history. It was basically a debate whether the end of the 20th century had been different from the end of the 19th century. That phase of the debate seems over, with the conclusion that the current phase of globalization is fundamentally different from any other age in history, especially as a result of qualitative changes brought about by the speed of communication and the ease of access to information.

The current second phase of the globalization debate is concerned with discovery of the shape this century will assume and what would be the consequences of globalization.

An opinion was expressed that the search for an answer to the question 'How globalization is changing the role of the state?' required people re-visit past paradigms of political economy. This had become urgent due to:

1. The recent events of 11 September 2001 that have brought into sharp focus the classic role of the state, i.e. maintenance of order and security. They have also highlighted the importance of the role of global cooperation for global safety and security.

2. The recent slowdown in the world economy, exacerbated by the events in September. The global economic downturn has highlighted the economic interdependence of world economies in today's world and reinforced the need for a concerted global economic effort.

3. The negative impact of globalization on the marginalized and the poor. The increase in anti-globalization activism has led to a growing understanding of the world community of the need to re-visit the issues related to the impact of globalization, and to take remedial actions, in order to mitigate the adverse impact of globalization on the poor and on the marginalized groups of population.

Whereas the impact of globalization is being debated, there is a broad-based recognition that the role of the State has to be redefined to take account of the emerging political, economic, social and cultural challenges. [At the same time is it was noted that a revised role for the state, did not necessarily imply a 'greater' role, but rather a more 'effective' role of the state.]

Globalization presents unlimited opportunities, but also substantial risks. It has to be linked to global standards. It was noted that unfettered globalization will not ensure equal distribution of resources. One of the main emerging issues is: Who will get what, when and how much?

What is globalization?

A substantial part of the presentations were devoted to outlining the parameters of what was meant by globalization. The panelists confirmed that globalization was not just a phenomenon of the market place or financial transactions. It had also been spreading globally political paradigms, cultural patterns and social ideas. It has led to standardization of the world's security systems. This way, globalization had been affecting the sovereignty of nation states and many of the established political, economic and social structures. Globalization is driven by both push-up and pushdown trends. There is globalization from below (e.g. proliferation of NGOs, etc.) and globalization from above (emergence of international structures, e.g. WTO). It pulls power from the government down to civil society, but it also pushes power out past national borders to the regions and to the global domain.

More importantly, globalization seems to have been changing the nature of the state and of public policy. States seem to be moving from regulating to investing in crucially needed public goods; from privatization to "publicization" (i.e. development of a space in which both public and private providers of services are driven by public interest); from building up the institutions of the state to building up public institutions. In general, the definition, understanding and application of the concept and nature of "public" [interest, opinion] seem to be gaining currency.

The process of globalization has permeated political ideas, cultural beliefs, managerial practices. It has pronounced itself in internationalization of conflicts and even in globalization of anti-globalization movements.

There was a consensus among the speakers that globalization is neither a monolithic entity nor a single event. Globalization is multi-faceted and should be perceived as a dynamic phenomenon.

Impact of globalization

All speakers highlighted that globalization has both positive and negative effects. In the area of economics, rapid advance of technology, sharp decrease in transportation and communication costs and a series of international agreements have led to greater internationalization of trade, finance and investment. In this sense, globalization has contributed to higher productivity, to a rise in the living standards and to new development opportunities.

However, the political aspect of globalization has led to a shift of power from sovereign states to technologically advanced global elites and private multinational (oftentimes non-national) interests. Globalization has also contributed to the internationalization of cross-border problems such as drug and human trafficking and terrorism. On the social level, it has produced wide disparities among countries and within countries. For many groups of population it has led to greater vulnerability and social dislocation. It had created openness to other cultures and their creativity, and promoted flow of ideas and values. However, as cultures interact, some have faced the risk of being diluted and/or destroyed at the expense of others.

One can claim that while globalization has meant the spread of information and communication technology, it has divided the world between the connected and the isolated; while it has increased labor movement across boundaries, it has also encouraged brain drain; and while it has elaborated new rules for integrating the global market, these rules have marginalized groups of population, especially in poor African countries. In short, to some extent, globalization had created a global village of the privileged.

One can further claim that the effect of globalization on the State, especially in Africa has been not only of an economic nature. It included cultural, religious, and even military aspects. It involved internationalization of conflicts and wars, which would otherwise have remained local. Globalization may be seen as having an impact on the state in Africa in terms of:

- Undermining the power of the State;
- Undermining the democratization process;
- Over-stretching the State's capacity to handle international and computer based crime;
- Making the task of poverty eradication more difficult;

- Increasing debt accumulation and the debt burden;
- Undermining its capacity to effectively regulate and protect the environment.

On the other hand, it can be argued that access to the Internet and technology is a prime determinant in harvesting the benefits of globalization. This in turn is country and region-specific and is dependent on the level of education in the society, availability of adequate infrastructure, and financial resources. Access to ICT is unequally distributed between the developed and the developing nations of the world. Additionally, a disproportionate amount of information resources are posted on the Internet in one language only, thereby posing a formidable barrier to equality of access to all. The 'digital divide' may be named as one of the factors responsible for the disenchantment with globalization and a rise in anti-globalization groups worldwide.

New role of the state

There was a broad agreement that efforts could and should be made to mitigate the negative fallout from the process of globalization. States have an importnat role to play here. The role of the state must be changing with the fast emerging new world realities. New systems of global governance would also contribute towards ensuring a more equitable distribution of the benefits of globalization.

Security and safety

It was noted that the security and safety of citizens remained the paramount responsibility of the state. This role of the state had been underscored in the wake of recent events in the US. It was mentioned that for instance policy makers across Europe were working on the formulation of a set of global responses to terrorism in the area of diplomacy, economy & finance, and security.

It was highlighted by panelists that although the economic dimension of globalization was more visible, globalization also had important political and social dimensions. Globalization policies must be built on democratic practices and inclusion of civil society into local politics. To respond to problems at the international level, globalization should have a link not only to global standards, but also to globally shared values.

Maintaining macroeconomic stability

The rapid progress of globalization has highlighted the need for states worldwide to maintain stable macroeconomic policies aimed at enhancing competitiveness of domestic markets, while ensuring sufficient domestic spending for social protection. The State has an important role to play in this process. This also means greater efforts to reform education, to promote advanced technologies and to strengthen the private sector. To support such national efforts, it is important to improve the world trading system and the global economic governance.

An opinion was expressed that the strategic response by African countries to the globalization processes should consist of identifying, analyzing and diagnosing their strengths and weaknesses in light of the opportunities and challenges posed by globalization. They should rely on their internal force, i.e. the capacity of their own people. African countries themselves and those that hope to assist them must recognize this fact and commit resources and energies to harnessing the capacity of all African people and especially the poor for their development.

In responses to globalization, states across the world - and in particular the African states - need to:

> Strengthen public administration systems;
> Adhere to openness and adaptability;
> Adopt a proactive approach to globalization;
> Address human capacity needs;
> Address institutional capacity needs;
> Adopt flexible approaches and methods of administration;
> Strengthen the voice of African governments in international bodies;
> Adopt and practice participative governance;
> Embrace the application of information technology to the practice of public administration;
> Develop social capital.

Regional integration as a response to globalization

An opinion was voiced that increased regional integration was a good way of mitigating the negative effects of globalization. As part of greater regional integration, the European Union (EU) was committed to a process of expansion by including thirteen new countries into its membership. This is expected to enhance economic development, provide more social justice, more equal opportunities and closer cooperation between countries of this region. In Europe, one policy response to globalization was to speed up monetary integration to increase trade and investment flows, promote greater economic transparency and opening up of the economies. There is an expectation that the expansion of the European Union will become a powerful instrument for creating a region of stability, prosperity and security.

Greater dialogue between the government, business and civil society

The speakers stressed that there was a need to promote broad social awareness about globalization. In this context the state must encourage and support greater dialogue in the society. At the same time, globalization must mean globalization of human rights and of the struggle against deprivation and poverty. Globalization is expected to change the human civilization. The state should make efforts to reduce structural weaknesses in the society. Those who win as a result of globalization would be those who foster cooperation, strengthen their institutions, generate trust of their society and improve their

economic policies. Again, while economics seem most pronounced in this process, it needs to be tackled in the broader context of the development of the civil society at large.

Global principles of ethics and democracy

The process of globalization has also an 'ethical' dimension. It is this ethical dimension which requires that the process of globalization be governed by globally adopted and respected values, global principles of ethics and democracy, with greater awareness of the value of and greater tolerance for diversity. Whereas 'political' globalization is aimed at promoting individual freedom and human rights and the right to security of the citizen, the "ethical dimension" should be based on the understanding that it is necessary to follow a course that leads to worldwide progress seen as human development. The challenge for globalization is to create a future for all humankind that is based on ethical principles and in which responsibility and reciprocity are the necessary pillars in all social spheres. In this context, global agreements should be reached in various areas such as facilitation of labor mobility, curtailment of international trafficking in people, reducing global poverty and bridging inequality.

The role of the United Nations

The speakers emphasized the need for a greater and more effective role of the United Nations in support of all the countries of the world, in creating a new world order based upon the principles of human rights, tolerance, democracy and values, including the value of human solidarity. They stated that globalization that was supported by them was the globalization of human rights; of ideas and values; of the defense of life; safeguarding of families and society; of solidarity; and of the fight against poverty.

Within this framework they encouraged the United Nations to initiate formulation of a new global order.