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## “THE POLITICS OF GLOBALIZATION”

*Delivered on September 17, 1998, Cambridge, Massachusetts*

President Rudenstine,  
Professor Huntington,  
Students, Ladies and Gentlemen,

Thank you, President Rudenstine, for that kind and generous introduction. I am aware of the saying that you can always tell a Harvard man (or woman), but you can't tell him much. Still, I hope to share some ideas with you today on the politics of globalization that may provoke some thoughts, and perhaps, even, some actions.

Harvard is one of the rare institutions in the world that truly advances the values of knowledge, tolerance, and universal progress—the values that underlie all that the United Nations seeks to achieve in promoting peace and alleviating poverty. Allow me, therefore, to pay special tribute today to two of the eight members of the United Nations family who perished in the crash of Swissair flight 111. Dr. Jonathan Mann and Mr. Pierce Gerety, graduates of Harvard College and Harvard Law School, respectively, served the United Nations for decades—Dr. Mann as a pioneer in the fight against AIDS and Mr. Gerety as a courageous leader of our refugee relief efforts, most recently in Central Africa. In their work and in their lives, they honoured the ideals of the United Nations; and, if I may suggest, those of Harvard as well.

I speak to you at a time of global turmoil, of economic crisis, political challenge and conflict throughout much of the world. To cast a glance on the map of the world is to be not only concerned, but humbled. Concerned, of course, because long-simmering *intra*-state conflicts have in recent months intensified and been joined by *inter*-state tensions from Africa to Asia.

Humbled, because we all perhaps have been surprised by the swiftness with which these crises have accumulated in the space of twelve months. Any belief that either the end of major ideological competition or the revolutionary process of economic globalization would prevent conflict has been revealed as utterly wishful thinking. And yet, since these crises and conflicts are the product of human folly and human evil, I am convinced that they can be solved by human wisdom and human effort. But if we are to solve them, we must rededicate ourselves to addressing the *political* roots as well as the economic roots of the problems now gripping much of the world. That is why I have chosen to speak to you today about the politics of globalization.

To many, it is the phenomenon of globalization that distinguishes our era from any other. Globalization, we are told, is redefining not only the way we engage the world, but how we communicate with each other. We speak and hear often about the economics of globalization—of its promise and its perils.

Rarely, however, are the *political* roots of globalization addressed in a way that would help us understand its *political* consequences—both in times of progress and in times of crisis. Rarely, indeed, are the *political* aspects of globalization recognized by either its friends or its foes.

Today, globalization is rapidly losing its luster in parts of the world. What began as a currency crisis in Thailand fourteen months ago has, so far, resulted in a contagion of economic insolvency and political paralysis. Globalization is seen by a growing number not as a friend of prosperity, but as its enemy; not as a vehicle for development, but as an ever-tightening vise increasing the demands on states to provide safety-nets while limiting their ability to do so.

At a time when the very value of globalization is being questioned, it may be prudent to revisit the role of politics and good governance in sustaining a successful process of globalization. Before do-

ing so, however, let me say that great efforts are being made in every part of the world to contain and reverse the negative impact of globalization.

The fundamental recognition that lasting prosperity is based on legitimate politics has been joined by a growing appreciation of the need to maximize the benefits of the market while minimizing its costs in social justice and human poverty. To do so, regulatory systems must be improved in every part of the world; solid and sustainable safety-nets must be crafted to shield the poorest and most vulnerable; and transparency must be advanced on all sides.

Globalization is commonly understood to describe those advances in technology and communications that have made possible an unprecedented degree of financial and economic interdependence and growth. As markets are integrated, investments flow more easily, competition is enhanced, prices are lowered and living standards everywhere are improved.

For a very long time, this logic was borne out by reality. Indeed, it worked so well that in many cases underlying political schisms were ignored in the belief that the rising tide of material growth would eliminate the importance of political differences.

Today, we look back on the early 1990s as a period of savage wars of genocide in Bosnia and Rwanda that cruelly mocked the political hubris attending the end of Communism. Soon, we may well look back on the late 1990s as a period of economic crisis and political conflict that with equal cruelty mocked the political hubris attending the heyday of Globalism.

In time, these twin awakenings—rude as they have been—may be recalled as a form of blessing in disguise, for they will have reminded us that any peace and every prosperity depend on legitimate, responsive politics.

They will have shown beyond a doubt that the belief in the ability of markets to resolve all divisions neglected the reality of differences of interest and outlook; differences that can be resolved peacefully, but *must* be resolved politically.

In a sense, it may be said that politics and political development as a whole suffered a form of benign neglect during globalization's glory years. Extraordinary growth rates seemed to justify political actions which otherwise might have invited dissent. Autocratic rule which denied basic civil and political rights was legitimized by its success in helping people escape centuries of poverty. What was lost in the exuberance of material wealth was the value of politics. And not just any politics: the politics of good governance, liberty, equity and social justice.

The development of a society based on the rule of law; the establishment of legitimate, responsive, uncorrupt government; respect for human rights and the rights of minorities; freedom of expression; the right to a fair trial—these essential, universal pillars of democratic pluralism were in too many cases ignored. And the day the funds stopped flowing and the banks started crashing, the cost of political neglect came home.

Throughout much of the developing world, the awakening to globalization's down side has been one of resistance and resignation, a feeling that globalization is a false God foisted on weaker states by the capitalist centres of the West. Globalization is seen, not as a term describing objective reality, but as an ideology of predatory capitalism.

Whatever reality there is in this view, the perception of a siege is unmistakable. Millions of people are suffering; savings have been decimated; decades of hard-won progress in the fight against poverty are imperiled. And unless the basic principles of equity and liberty are defended in the political arena and advanced as critical conditions for economic growth, they may suffer rejection. Economic despair will be followed by political turmoil and many of the advances for freedom of the last half-century could be lost.

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In this growing backlash against globalization, one can discern three separate categories of reaction. All three threaten to undermine globalization's prospects. All three reflect globalization's neglect of political values. All three call for a response at the global level to what is, at root, a global challenge.

The first, perhaps most dangerous reaction, has been one of nationalism. From the devastated economies of Asia to the indebted societies of Africa, leaders in search of legitimacy are beginning to view globalization, and its down side, as a process that has weakened them vis-a-vis their rivals and diminished them in the eyes of their allies. Globalization is presented as a foreign invasion that will destroy local cultures, regional tastes and national traditions.

Even more troubling, political leaders are increasingly seeking to sustain popular support amidst economic difficulties by exploiting historic enmities and fomenting trans-border conflict. That these steps will do nothing to improve their nations' lot—indeed just the opposite—must be evident even to them. But the costs of globalization have given them a rhetorical vehicle with which to distract their peoples' attentions from the penury of tomorrow to the pride of today.

The irony, of course, is that globalization's promise was based on the notion that trading partners become political partners, and that economic interdependence would eliminate the potential for political and military conflict. This notion is not new. In the early years of this century, the rapid expansion in trade and commerce even led some to predict an end to conflict. However, no degree of economic interdependence between Germany and Britain prevented the First World War. But this lesson was soon forgotten.

It was assumed that the political nature of inter-state relations had been transformed by a quantum leap similar if not equal to that which has revolutionized technology in the information age.

The fallacy of this doctrine—that trade precludes conflict—is not simply that nations and peoples often act out of a complex web of interests that may or may not favour economic progress. Power politics, hegemonic interests, suspicion, rivalry, greed, and corruption are no less decisive in the affairs of state than rational economic interests. The doctrine also underestimates the degree to which governments often find that the relentless pace of globalization threatens their ability to protect their citizens. Without addressing this concern, globalization cannot succeed.

The second reaction has been the resort to illiberal solutions—the call for the man on the white horse, the strong leader who in a time of crisis can act resolutely in the nation's interests. The raw, immediate appeal of this idea seems most apparent in newly liberalized nations with weak political systems, incapable of reacting with effectiveness or legitimacy in the face of economic crisis.

As central power disintegrates and breadlines grow, there is a growing temptation to forget that democracy is a condition for development—and not its reward. Again—and again falsely—democracy is seen as a luxury and not a necessity, a blessing to be wished for, not a right to be fought for.

Here, too, there is an irony: the proponents of globalization always argued that greater trade would naturally lead to greater prosperity, which in turn would sustain a broad middle class. As a consequence, democratic rule would take firm and lasting root, securing respect for individual liberties and human rights. This, too, proved to be overly optimistic.

Some of globalization's proponents believed too much in the ability and inclination of trade and economic growth to foster democracy. Others, too little in the importance of democratic values such as freedom of speech and freedom of information in sustaining firm and lasting economic growth. Traders will trade, with or without political rights. Their prosperity alone, however, will not secure democratic rule.

In all the debates of the post-Cold War years about whether political liberalization should precede economic liberalization or vice versa, one question was left out. What if, regardless of which comes first, the other does not follow? What if economic liberalization, however profitable in the short term, will never beget a political liberalization that is not already integral to economic progress?

What if political liberalization, however desirable on its own, is no guarantee of economic growth, at least in the short term?

These are the questions that globalization's friends must face—and answer—in *political* terms, if they are to win the argument against those who would seek solutions in tyranny. Freedom itself is too valuable, its spirit too important for progress, to be bargained away in the struggle for prosperity.

The third reaction against the forces of globalization has been a politics of populism. Embattled leaders may begin to propose forms of protectionism as a way to offset losses supposedly incurred by too open an embrace of competition, and too free a system of political change. Their solution is for a battered nation to turn away and turn inward, tend to its own at whatever cost, and rejoin the global community only when it can do so from a position of strength.

In this reaction, globalization is made the scapegoat of ills which more often have domestic roots of a political nature. Globalization, having been employed as political cover by reformers wishing to implement austerity programs, comes to be seen as a force of evil by those who would return to imagined communities of earlier times.

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Notwithstanding its flaws and failed assumptions, this reaction is a real challenge with real power. Those who would defend the policies of openness, transparency and good governance must find ways to answer these critics at two levels: at the level of principle and at the level of practical solutions which can provide some kind of economic insurance against social despair and instability.

The lesson of this reaction is that economic integration in an interdependent world is neither all-powerful nor politically neutral. It is seen in strictly political terms, particularly in times of trouble, and so must be defended in political terms. Otherwise, the populists and the protectionists will win the argument between isolation and openness, between the particular and the universal, between an imaginary past and a prosperous future. And they must not win.

Students, Ladies and Gentlemen,

If globalization is to succeed, it must succeed for poor and rich alike. It must deliver rights no less than riches. It must provide social justice and equity no less than economic prosperity and enhanced communication. It must be harnessed to the cause not of capital alone, but of development and prosperity for the poorest of the world. It must address the reactions of nationalism, illiberalism and populism with political answers expressed in political terms.

Political liberty must be seen, once and for all, as a necessary condition for lasting economic growth, even if not a sufficient one. Democracy must be accepted as the midwife of development, and political and human rights must be recognized as key pillars of any architecture of economic progress.

This is, undoubtedly, a tall order. But it is one that must be met, if globalization is not to be recalled in years hence as simply an illusion of the power of trade over politics, and human riches over human rights. As the sole international organization with universal legitimacy and scope, the United Nations has an interest—indeed an obligation—to help secure the equitable and lasting success of globalization.

We have no magic bullet with which to secure this aim, no easy answers in our common effort to confront this challenge. But we do know that the limitations on the ability of any state or any organization to affect the processes of globalization call for a global, concerted effort.

If this effort is to make a genuine difference, it is clear that the creation of lasting political institutions must form a first line of response. Such steps must, however, be combined with a clear and balanced acceptance of the roots of the precipitous collapse of so many economies. To some extent, this collapse was rooted in flaws and failures of already existing economies characterized by unsound policies, corruption and illiberal politics.

However, we must not be blind to the fact that irresponsible lending practices and aggressive investment policies pursued by outsiders played their part, too. Without improvements in these practices, we cannot expect political reform to succeed in creating the basis for lasting economic growth. All sides matter; all sides must play a role.

I have argued today that politics are at the root of globalization's difficulties, and that politics will be at the heart of any solutions. But where will solutions be found? In the heyday of globalization, it was assumed that all nations, once secure in prosperity, would turn to multilateral institutions out of maturity; today, I believe, they may turn to those same institutions out of necessity.

The challenge facing the United Nations is to ensure that the difficulties facing globalization do not become an impediment to global cooperation, but rather give such cooperation new life and new promise.

We will do so in two key ways: by emphasizing in all our development work the importance of civil society and institutional structures of democracy at the national level; and by seeking to strengthen the effectiveness of multilateralism in sustaining free economies while securing genuine protection for the poorest and most vulnerable of our world.

After World War II, there was a recognition that ultimately, economic problems were political and security problems. There was a recognition that prosperity and peace are political achievements, not simply natural consequences either of trade or of technological progress.

We owe the wisdom of this view and the consequences of its implementation to one man in particular, Franklin Delano Roosevelt. In his fourth inaugural address, President Roosevelt—a founder of the United Nations and surely the greatest Harvard Man of this century—made a passionate plea for global engagement:

“We have learned that we cannot live alone, at peace; that our own well-being is dependent on the well-being of other nations, far away. We have learned that we must live as men, and not as ostriches, nor as dogs in the manger. We have learned to be citizens of the world, members of the human community.”

In this era, we have learned our lessons, too: that democracy is the condition for true, lasting and equitable development; that the rewards of globalization must be seen not only at the centre, but also, at the margins; and that without free, legitimate and democratic politics, no degree of prosperity can satisfy humanity's needs nor guarantee lasting peace—even in the age of Globalization.

Thank you.