

An Address to the

**Kroeger College Leadership Forum**  
**(Carleton University)**  
***"Globalization--Is Canada Ready?"***

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Good morning. Let me first join others in thanking those who conceived and organized this quite extraordinary gathering. It is an honour to be associated with the Kroeger College Leadership Forum--and of course with Arthur Kroeger--and a pleasure to participate with all of you.

Our panel has been addressing an infinitely complex question, which the organizers have nonetheless phrased with remarkable economy: "Globalization--Is Canada Ready?" My answer (not as brief) is this: Canada is not quite ready, and we will never be ready without a better understanding of our place in the world. My definition of "ready" is that Canada be prepared to lead in the search for greater equity, at home and internationally. If this is not accomplished, then the gains of globalization will be lost to incoherent politics and anarchy.

Defined only by flows of money and goods, globalization is obviously nothing new. The East India Company was exploiting world markets in the 17<sup>th</sup> century. By some measures, trade and investment were even more "globalized" in the 19<sup>th</sup> century than they are today. Empires provided the regulation: colonialism the result. Yet we know that globalization is not just about commerce. It is about culture, technology, and governance. Globalization is more than interconnections. It is a process of interdependence: People everywhere, for better and worse, are more and more affected by events everywhere else. War, disease, a currency crisis, the violent corruption of a foreign government, a disturbance to the Earth's climate--all can affect the lives of Canadians in potentially ruinous ways.

Globalization is a phenomenon of paradoxes. It is a force of integration --whether in the WTO, or in the protocols of the Internet, or in the worldwide audience for Hollywood movies. At the same time, it divides us: generation from generation; fundamentalists from modernists; secessionists from centralizers; rich from poor; even, as many, including Robert Reich, have pointed out, within countries. This is a global dynamic of simultaneous fragmentation and integration--"fraggmegration" as James Rosenau coined it.

The technologies and politics of globalization cut both ways. The NGOs that helped (unwisely, in my

view) to defeat the OECD's Multilateral Agreement on Investment, the MAI, did it on the Internet. NGOs led the campaign to ban antipersonnel landmines, a splendid exercise in globalization, also on the Internet. But it is governments that have signed and now enforce the landmines treaty; globalization does not mean the death of the state. Globalization is built on new technologies, especially technologies of information and communication. But technology is not neutral, and neither is globalization; they favour some values, and some people, against other values and other people.

Globalization enriches and impoverishes. It empowers and disables. So doing, it generates vast and turbulent inequalities. To give you just one statistic: The average GNP per person in the richest 25 countries is now about \$25,000 (U.S.). That is 58 times the average GNP person in the poorest 50 countries. These disparities between rich and poor are growing worse in many countries, and between countries. To quote *Business Week* magazine (no enemy of global capitalism): "The plain truth is that market liberalization does not lift all boats, and in some cases, it has caused severe damage. What's more," *Business Week* continued, "there's no point denying that multinationals have contributed to labor, environmental, and human-rights abuses." But unregulated local businesses do too.

Globalization has developed particularly in association with the ideology of free and global markets that gathered speed in the 1980s and dominated the 1990s. Values of fairness and equity and the value of government itself were sacrificed to the dominant values of the market--values especially of acquisition, individualism, and a kind of unarticulated economic Darwinism.

Indeed, the ideology of markets has been applied more thoroughly (and I would argue more brutally) in the international economy than in domestic economies. Poor non-democratic countries which had been badly governed and which had embraced central planning were driving their economies (and people) into the ground. In the 1980's, they needed bail-outs from the International Monetary Fund and more support from the World Bank. Through the Fund and the Bank, in a rush to correct years of mismanagement, the ideology of markets has been imposed on the people of weak and poor countries with a single-minded thoroughness that would not have been tolerated by voting citizens in the rich democracies. The result, in more than a few poor countries, has been nothing short of catastrophic. But remember--the power of the Fund and the Bank would have been far less if the governments in question had been open and not a mess. Mats Karlsson referred this morning to the necessity for the Bank to negotiate with parliaments now. It is impossible for the Bank to dominate and play both sides of the table.

This brings us to issues of governance--the governance of countries, and international governance, by states and others now.

The excesses I have just described--the inequalities, and the inequities--go some way toward explaining the fears and discontents displayed by the crowds outside the WTO, the World Bank, the IMF, and, for the intrepid and imaginative few, Davos. Now, personally, I have no patience for the thuggery and mobocracy attempted in Seattle and Prague. That vandalism, exhibitionist and violent, jeopardizes the very international institutions that were created--by the democracies--to regulate the international economy with a degree of equity and order. Nor do many of those protesters truly represent the interests of poor people in poor countries. Still, it must be acknowledged that those protests--and the quieter

misgivings of thoughtful critics--reflect the lack of transparency of these powerful institutions. (Parenthetically, let's remember that poor borrowers used to have real influence in the IMF and the World Bank--proportionally more than now. That was back in the 1940s and 50s, when the borrowers were themselves recovering from war.)

For most of the world's people, the worst democratic deficit occurs not in the WTO or the OAS, but in their own national governments. Multinationals may not be the worst villains of corporate misconduct. They could be small local companies pillaging whatever local advantage they can get. Localness does not necessarily impart virtue, to a firm or to a government.

In short, people need a stronger and more knowledgeable say in the institutions that govern their lives--national institutions and international institutions, governmental or not. This is a matter of fairness, and function. Fairness, because a poor person is just as entitled to a voice in the affairs of governance as a rich person. Function, because the failures of malgovernance are evident everywhere: in the economic decline of entire countries, in bloody conflicts, in the ruin of environments now apparent on a planetary scale. These are failures of governance that cannot be corrected without a broader and more knowledgeable popular participation.

Is Canada ready for this kind of globalization? For the disorder and the paradoxes, the threats and opportunities? To see the future, let's look back. Over many decades, Canada's approach to the world has been, in its fundamentals, remarkably consistent. In our trade policies, aid programs, foreign and defence policies, successive governments and Parliaments have engaged the world and its affairs. I don't say we have always invested well or adequately; often, and recently, we have not. But in the long run, Canadians have wanted to work to make the world fairer, richer, more peaceful. We have understood that our prosperity, our security, and the promotion of our values, are contingent on the state of the world. That is what has animated Canadian policy.

But I repeat: Failures in recent years to finance Canada's aid policy, and foreign policy, have damaged our capacity, and our credibility. For the future, we must reinvest in order to give effect to our own values--values of fairness and tolerance and generosity, allied with the skills of peace, order and good government. This would not be mere piety, but a clear-eyed pursuit of our own enduring interests.

Fortunately for Canadians, we now ought to have a happy convergence of possibility and opportunity to reassert leadership on the global agenda. This new possibility is the result of our hard-earned budgetary successes; we have the money. The opportunity flows from the newly emerging international consensus on these same questions of equity and good governance.

That consensus has started to find institutional expression, for example, at the G20, under Paul Martin's leadership. As Paul Martin said in London recently, "We recognized the need to link our efforts to promote a healthy, well-functioning economy with policies to advance the betterment of society as a whole. ... Through [the G20] review [of the practical challenges posed by globalization], we will develop a shared insight into both the policies needed to ensure that globalization brings broad-based prosperity, and the political and governance arrangements needed to cooperatively implement them."

The G20 itself is something of an innovation in globalization, a new kind of purpose-built network of finance ministers and central bankers with member countries as diverse as Australia and China, France and India, South Africa and the United States and the European Union, and Canada. And in its Montreal communiqué last October, the G20 affirmed that globalization--for all its benefits--"can also give rise to economic difficulties and social dislocations." Going further, the G20 said that "promoting a globalization process that works well for all its participants will be a key challenge for the international community in the 21<sup>st</sup> century."

Transnational problems require transnational solutions--perhaps fluid, issues-oriented, virtual institutions like the G20 are the wave of the future. (Just like the global public policy coalitions that Wolfgang Reinicke has written about--or the NGOs that pushed governments to ban land mines.)

Canada can--and should--count itself in in the leadership of that effort. To succeed, we will have to reinvest in our capacity and in our reputation. (Yes, I know I am repeating myself!) This means restoring depleted funding for CIDA, the Department of Foreign Affairs and International Trade, and (if I may say) for my own organization, the International Development Research Centre. Indeed, most departments of government feel the pressure to "internationalize". And they should. I have said that globalization creates opportunities and wealth, as well as terrible and dangerous inequalities. I have argued that seizing those opportunities, and righting those inequalities, will demand a more knowledgeable and more widely shared governance--domestic and international. Here I make the case for active Canadian involvement. By way of demonstration, I will mention just three of the many policy research capacity-building projects that IDRC has supported.

In Latin America and the Caribbean, foreign investment in mining promises new wealth and economic growth. Canadian mining companies are major players. But it can also threaten new abuses of human rights, or place indigenous cultures at risk, or assault fragile environments. In a very new project known as the Mining Policy Research Initiative, IDRC is helping communities in the region to define their own concerns and then, armed with new knowledge, to negotiate on more equal terms with prospective investors.

To cite a second case: our research project that supports research on Micro Impacts of Macroeconomic and Adjustment Policies was launched first in the Philippines to monitor and predict how national economic policies actually affect poor people in their own communities. Lessons learned are already being shared with researchers and applied in more than a dozen other countries of the South--knowledge that directly ameliorates inequalities with better governance and that is being applied by policy-makers.

The Global Financial Governance Initiative, a third IDRC-supported endeavour, will eventually contribute to the ability of poor countries to participate more productively in the WTO negotiations and hence the global trading system. It looks to the causes of financial crises, and the cures. It addresses longer-term issues, like social safety nets and capital flows. And it underwrites research on the better governance of international financial institutions, not least the World Bank and the IMF.

Through this work (and with modest resources), Canadians can contribute significantly as people in poor countries create their own capacity to take a fairer share of the benefits of globalization. The Speech from the Throne is a positive sign, with references to "enhancing our voice in the world and our shared sense of citizenship," and indicating that "the government will increase Canada's official development assistance and use these new investments to advance efforts to reduce international poverty and to strengthen democracy, justice and social stability world-wide."

To conclude: It is worth remembering that globalization is not simply an inevitable force of nature, or of economic history. It is a process, in large part, and the outcome of millions of decisions--often propelled by powerful interests, and there are often unintended consequences. Canadians have an opportunity (I would say an obligation) to influence those decisions in ways that will improve the world, and improve our own future. Contributing to those improvements will serve our best interests. When we help to build a safer, fairer, more prosperous, more democratic world, we enhance and enrich the lives of Canadians.

Thank you.

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