Keith Roby Memorial Lecture in Community Science (2001)

“Aspects of the Governance of Globalisation”

Lecture delivered by: John Langmore, Director Division for Social Policy and Development UN Secretariat New York, on 21 June 2001 at Murdoch University

Synopsis

1. The evolution of international political and economic institutions lags well behind the deepening of global interdependence. The impact of globalisation is highly inequitable and there are major losses and risks for many countries from increased instability. A disproportionate share of the benefits flows to the United States and other developed countries. Yet there is little compensating action to offset the losses for marginalized countries.

2. Despite the weaknesses of the international political and economic systems, useful advances have been made at the great United Nations conferences of the nineties, such as the World Summit for Social Development, towards articulating a more balanced approach to development and to establishing a basis for sharing the benefits of globalization more equitably. The Millennium Declaration articulates clear goals and a framework for action.

3. However improvement of global governance is essential. The UN must be strengthened and the international economic and financial institutions reformed. Extension of the range and depth of global public goods is necessary, as are rapid increases in finance for development. An additional $A 100 billion a year is required to achieve the goals for provision of basic education and health services and the other global goals by 2015. This could be achieved through such measures as aid at the target level and introduction of currency transaction and carbon taxes.

It is a privilege to be invited to deliver the Keith Roby Memorial Lecture, for Keith was a scholarly leader of the campaign for a more just, sustainable and participatory society. The impact he made is demonstrated by the commitment of his friends to honour him by endowing a lecture in his memory. It is easy to imagine that if he were
alive now he would be engaged in extending his prophetic activity on National issues to the global sphere. I am grateful for the motivation of this invitation to attempt to articulate a few proposals for strengthening global governance.

It is clear that the world is becoming more interdependent and that there are many dimensions to these deepening inter-relationships. It is also clear that there are many consequences for us all, both constructive and destructive. One vital challenge is to find feasible steps that could improve prospects for more socially just and environmentally responsible outcomes.

There are three themes for these remarks:

1. The extent of the global structural inequities;

2. That despite the contemporary weakness of international governance, considerable achievements are possible; and

3. That feasible reforms are available that would strengthen the capacity of the international system to achieve greater security and justice for all.

1. Features of the State of the World

Four major features of our times that are relevant to our discussion are well known and can be briefly stated.

1. Global interdependence is growing strongly. The old model of sovereign states does not express the new reality "of a decentralized, heterogeneous and networked world. The result is neither anarchy nor world government but "networked minimalism" - that is, non-hierarchical arrays of governmental units, private firms, and non-governmental organizations focussed on specific problems.' Therefore governments must increase cooperative activity and this requires transformation of global institutions and policies.

2. After half century of uneven but often rapid and widespread economic growth, the world is richer than ever before in human history and has unprecedented technological capacity.

3. Yet despite the resulting capacity to achieve security for all, half of humankind lives on less than $A 4 a day, in or close to poverty, and so are certainly suffering
from deprivation and insecurity of many kinds. A fifth of humankind live in severe poverty, which means not only inadequate income but also hunger and inadequate access to education, health care, shelter, personal safety or political influence. This and global information flows forces on us all what C P Snow called the `ultimate obscenity', the rich sitting in comfort watching other people starve in colour television.

4. Inequality of income, wealth, assets and power between and within most countries is high and generally growing. One simple statistic is enough to illustrate this: the 20 per cent of people with the highest incomes receive 86 per cent of total global income.

**Underlying Structures of Globalisation**

Despite the general recognition that globalisation has benefits and costs and that these are inequitably distributed, neither the extent of these inequalities nor the strength of the structures underlying them receive nearly as much attention. A few brief examples will illustrate the point, relating to: control of the international economic institutions; financial flows and volatility; the concentration of corporate power; the information divide, including the focus of income from intellectual property; migration; agricultural trade; and the inadequate and stagnating compensating flows of aid and debt cancellation.

1. Developing countries account for 88 per cent of the world's population and that proportion is rising. Yet whereas at the United Nations, where each member country has a single vote, developed countries have 17 per cent of the voting power; at the WTO developed countries have 24 per cent of the voting strength; and at the World Bank and the IMF they have 61-62 per cent and at the IMF the US has an effective veto.

2. Much is made of the opportunities that financial liberalisation is claimed to have created for developing countries to attract foreign investment. Yet in recent years, two-thirds of all capital exported from countries running current account surpluses has been directed toward U. S. capital markets.' So the US has been the principal beneficiary of growing global financial interdependence and has been absorbing the major part of the world's international savings, one of the factors maintaining the long American boom of the nineties.

3. The 1997-8 financial crisis was only the most recent example of the growth of international financial volatility. There have been 100 episodes of systemic financial sector crises over the last two decades, with fiscal burdens often exceeding 20 to 30
percent of GDE. Given the low level of foreign investment in developing countries, the question is whether the benefits of financial liberalisation have been sufficient to offset the enormous economic and social costs from increased capital flight and market volatility?

4. The growth in the concentration of corporate market power as a result of both growth and mergers and acquisitions is increasing both market failure and the political dominance of the corporate sector. One indicator of the extent of the economic power of transnational corporations is that foreign affiliates account for a third of total world exports. As well, large private corporations purchase influence within all so called democratic societies. Their activities, though formally legal, constitute a graver threat to the prospect of democratic and accountable global economic governance, and there ultimately to sustainable global human development, than the corruption in developing countries.

5. Income from intellectual property also accrues disproportionately to the developed countries. It is estimated that industrialised countries hold 97 per cent of all patents and that global corporations hold 90 per cent of all technology and product patents. The benefits to corporations, which are based in the US and Europe, and the costs to developing countries of the charges for their patents have been illustrated recently through the controversy about the cost of pharmaceuticals for the treatment of HIV/AIDS in South Africa. (It was striking, by the way, that a representative of the pharmaceutical industry was with the US delegation to the Special Session of the UN General Assembly while the issue of trade in intellectual property rights was being debated.)

6. Not only is the United States the major beneficiary from financial flows and income from intellectual property, but the benefits of education everywhere flow disproportionately to the developed countries through the immigration of skilled people. For example, of about 5 million people employed in the information sector in the US more than a million are foreign born. There are reported to be more doctors of Indian origin in the United States per head of population than there are in India. Australia is clearly a substantial beneficiary from immigration also.

7. The most obvious way of enabling developing countries to help themselves is to ensure they have access to the markets of the developed countries. Yet even here they still face severe discrimination. For example, agricultural exports offer the best chance of increasing income to many developing countries. Yet in 1999 support for farm
income in the US was 24 per cent of the value of receipts from agricultural exports, in the European Union 49 percent and in Japan 65 percent. This massively discriminates against primary producing countries, including Australia.

8. Despite these enormous benefits, the rich countries have generally reduced compensating flows of aid during the nineties, and debt reduction has been very limited. The average ratio of aid to GNP in donor countries fell from 0.44 per cent in 1986-87 to 0.39 per cent in 2000. The biggest beneficiary of globalisation, the US, is also the smallest donor relative to national income, contributing only 0.1 per cent of GNP in 2000. Australia, which has so much to benefit from good neighbourliness, remained well below the donor average in 2000 at 0.27 per cent.

Globalisation is like a run-away horse: only the strong can hang on, the weak are thrown and left. So let's be clear about the situation facing developing countries to varying extents.

They receive little foreign capital and what they do receive is often short term and volatile.

The foreign companies with which they deal can often relocate relatively easily and so are in a powerful position to obtain concessions.

These foreign companies pay relatively low corporate tax rates because of the concessions made to attract them.

They repatriate a substantial part of their profits.

Both they and exporters charge high prices for the intellectual property embodied in their products.

Capital flight is a continuing drain on their savings.

A substantial portion of their skilled people migrate to secure and comfortable developed countries where incomes are much higher, draining away scarce and expensively trained personnel.

Their exports are still constrained by import barriers in developed countries.
Debt service and repayment still absorbs a large part of the budgets of many.

Yet concessional support has stagnated.

How can countries in which 70 per cent of people are impoverished or that are paying 60 per cent of their budgets in debt service rapidly improve their social services?
How do countries in which over 20 per cent of the adult population have HIV/AIDS cope let alone develop?

How can countries where the national income has fallen by half or more during the nineties, such as several economies in transition, reverse deteriorating social and economic conditions?

Violent conflict often related to ethnic or religious differences is disrupting some countries, economic sanctions others. The countries with economies in transition had the misfortune to be undergoing transformation at the time when market fundamentalists were most virulent, forcing hastily prepared strategies onto vulnerable systems with devastating results.

The extent of these deprivations, inequities and instabilities leads some people to despair and withdraw and others to protest. The gross inadequacy of the offsetting action contributes to systemic breakdown. Elements of all of those reactions are evident:

The growth of political withdrawal caused by political alienation and a sense of powerlessness in the face of ungovernable global forces is clear in many countries. Is this one of the reasons for declining proportion of voters in elections?

The protests in Seattle, Washington, Prague, Melbourne and Montreal are clear signs of unease

Another is the growth of international lawlessness - syndicated crime, tax evasion, money laundering and trafficking in drugs, women, children and weapons.

2. Goals

The Millennium Assembly agreed that major new action is required:
We believe that the central challenge we face today is to ensure that globalization becomes a positive force for all the world's people. For while globalization offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed. Only through broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalization be made fully inclusive and equitable. These efforts must include policies and measures, at the global level, which correspond to the needs of developing countries and economies in transition, and are formulated and implemented with their effective participation.

The Universal Declaration of Human Rights gives us a clear framework of goals, for it sets out clear aspirations for not only freedom of speech and belief but also for freedom from fear and want. It is remembered by many in terms of the political rights expressed, but it is also an expression of commitment to economic, social and cultural rights. These include the right to work, the right to education and social security, the right to an adequate standard of living for health and well being, and the right to rest and leisure. Towards the end there is an Article (28) which declares that `Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realised.' It also notes that `Everyone has duties to the community'.

Without progress towards these economic, social and cultural rights, progress in civil and political rights is more difficult. Without an enabling international environment, equitable national economic development and social justice are tightly constrained. Without more tolerance and mutual respect violent conflict and discrimination will continue to plague societies. Let's turn now to some indications of how the present international system is working to attempt to move towards those goals.

**Examples of Action in the Present Weak System**

Awareness of these injustices has been growing and is one of the reasons for the great United Nations conferences held during the nineties in New York, Rio, Cairo, Vienna, Copenhagen, Beijing and Istanbul which culminated in the Millennium Assembly in New York in September last year. These conferences focussed attention on the issues of children; the environment; human rights; population growth; poverty, employment and social integration; equality for women; and urbanisation and challenged the simplicities of dominant global paradigm of neo-liberalism of the last quarter century.
For example, the World Summit for Social Development in Copenhagen in 1995 marked a turn in the tide of political opinion away from a narrow preoccupation with market liberalisation to more balanced socio-economic development. The well being of people and societies was recognised as the goal of policy, with economic strategy as simply a means to that end. The Social Summit Declaration was a carefully balanced expression of a strategy aiming for 'societies for all' offering employment opportunities, high quality social services and declining inequity; in short seeking security, freedom and social justice. It was also the start of a global campaign to end desperate poverty, a campaign equivalent to that for the ending of slavery. But did this make a difference?

Countries say so! At least in official reports, they make clear that since the Social Summit more attention has been given to social development. Scores of countries have set national poverty reduction targets and/or introduced or upgraded poverty reduction strategies. Since the Social Summit much more attention is being given to growth of employment opportunities, not least in the European Union where a new chapter on employment was added to the Treaty, but also in developing countries. There has been continued progress in global literacy and life expectancy, increased school enrolment and access to basic social services, despite wide national variations and set backs in some countries. The UN system, including the World Bank, has made poverty reduction its principal goal. Significant improvements in debt reduction have been negotiated.

A Special Session of the United Nations General Assembly was held in June last year on social development. The Geneva Declaration includes a ringing political statement on the centrality of more equitable, socially just and people-centred societies; an assessment of what has happened since the Copenhagen Social Summit five years ago; and about 40 substantial initiatives.

The new initiative that could be of most importance is to conduct 'a rigorous analysis of advantages, disadvantages and other implications of proposals for developing new and innovative sources of funding, both public and private, for dedication to social development and poverty eradication programmes.' That is, a study was authorised without dissent by the member countries of the UN, into a currency transaction tax (CTT), the Tobin tax, and other potential sources of revenue for social and economic development.
There was agreement for the first time on a global target for poverty reduction, of halving the proportion of people living in extreme poverty by 2015. A decision to begin a more integrated global campaign to reduce poverty was taken. Preparation of an international employment strategy by the ILO will begin with a global employment forum in November this year.

Other initiatives include: costing of the target of access to basic education for all by 2015; a call for all UN agencies to integrate health policies more effectively into their programmes in other areas; action through trade agreements and increased incentives for research to improve access of developing countries to affordable and effective pharmaceuticals; strengthened commitment to basic workers rights, and to social protection for the vulnerable; and recommendations for national targets and major new action to reduce infection rates for HIV/AIDS. After extensive debate there was agreement on the importance of ‘positive or affirmative action' to achieve gender equality. Corporate social responsibility was added to the international agenda for the first time. And so on. Several countries made concrete announcements about increased aid or reduction of debt.

There are constraints on what such conferences, as currently organised, can achieve. There have been too many conferences with overlapping agendas, forcing wasteful repetition of discussion. The process of negotiation is tediously detailed and time consuming. Too often countries are represented by diplomats who have too little knowledge of the subject under discussion, rather than by experts, leading to unevenly informed discussion. Too often the outcomes have been indecisive or weak, in part because the norm of decision by consensus normally allows one or a few countries disproportionate influence on the outcome. As well the UN has been starved of funds, principally through the delinquency of the United States, forcing use of makeshift working methods.

Yet the United Nations is the political heart of the international system. Some of these problems are inherent in all political processes - look at experience in national parliaments everywhere. While there are shared interests in resolving many international conflicts, there are huge differences of interest and perspective between countries that must be reflected in international debate. The UN would be failing in one of its principal purposes if these issues were not addressed. Where there has been deadlock improvisation has occurred, the most disruptive of which was the bypassing of the Security Council in order to bomb Kosovo.
Nevertheless, it is striking that countries continue to extend the range of UN conferences. Just think of the subjects of special UN conferences this year and next: the least developed countries; children; racism; HIV/AIDS; finance for development; ageing; and sustainable development. And this list includes only the additional conferences sponsored by the General Assembly and its subsidiary bodies. It does not include the regular meetings of those bodies or the conferences organised by the specialised funds and agencies.

Those meetings will reach agreements that will take international action forward in incremental steps. These incremental agreements will influence governments in what they do - strengthening policy in some, shaming others into starting action. They will add to pressure on developed countries to be more internationally responsible and developing countries to improve the quality of government. They will lead to modest reforms of the international system. So, far from being marginalized, the UN is increasingly the political forum where major global issues are being addressed.

What often happens is that a few countries identify an issue which they recognise as important and propose a conference to consider it. Few governments want to attract hostility from either the international community or from national political opponents or NGOs within their own country by opposing the idea, and it is accepted. For example, imagine if the United States, which alone is opposed to some proposed UN conferences, had opposed the holding of the World Assembly on Ageing in Madrid, Spain next April. The American Association of Retired Persons, which has 35 million members and which strongly supports holding this conference would have vilified the US Administration. The proposal for this conference came from a small network of national representatives and professionals. They persuaded their countries to support the idea, put it to the Commission for Social Development where it was accepted and was in turn supported by the Economic and Social Council (ECOSOC) and the General Assembly. Preparations for this conference are now encouraging governments to focus more explicitly on the demographic revolution of the ageing of their populations that is under way.

What happens at the UN depends principally on national governments. If they want to improve the effectiveness of the UN they can decide to do so. Obviously the last US Congress wanted to constrain the UN and did so successfully by refusing to approve payment of dues. Many observers conclude that the central feature of US international policy is maintaining capacity for unilateral action. The reticence of other countries in
commenting on the failure of the US Administration to fulfil its treaty obligations is no doubt due to the dominance of US power.

Of course, too, more international action is being taken outside the UN system as the extent and complexity of international inter-relationships increases. More of these relationships are happening through the private or non-government sectors. It is therefore important for us to rethink the conceptual framework for international relations and then to seek and make reforms to improve effectiveness wherever possible.

3. Strengthening International Economic and Social Arrangements

The functioning of the institutions of international political economy needs urgent reform. Interest in reducing the global democratic deficit and improving the political effectiveness of international institutions is growing. There have been many proposals for expansion of the Security Council and even for abandonment of the veto. Recently there have been interesting calls for a Global Peoples' Assembly and for a Global Parliament to strengthen accountability. However since this cannot be a comprehensive discussion and we are centrally concerned with strengthening global social justice let us concentrate on the economic and social areas.

During the first half of the nineties the Human Development Report and the Report on Global Governance suggested establishment of an Economic and Social Security Council and this proposal is receiving increasing attention. A major gap exists in the structure of international economic and institutions through the absence of an open, accountable forum with politically legitimacy for discussion of the central issues of global political economy. This is a dangerous situation when economic issues have become dominant in international relations. For example, a crucial difficulty is lack of coherence in global macroeconomic policy.

Establishment of a new body would involve changing the Charter of the UN, an especially complex political task. An alternative, which is immediately possible, is to upgrade the existing Economic and Social Council. A simple means of immediately increasing ECOSOC's effectiveness would be for it to meet more regularly, for shorter meetings and whenever economic or social circumstances suggested that would be useful. If there were another financial crisis or another natural disaster, ECOSOC should meet immediately to discuss responses. There could well be a debate now on action to offset a global economic slowdown. A consequence would be that national representation to the UN in New York would have to become more economically and
socially literate, perhaps by extending the range of departments from which they are appointed. One benefit of strengthening ECOSOC is that it would then be a more effective forum for discussion of the international political economy of the international financial institutions.

**The International Financial Institutions (IFIs)**

The principal feature of an evaluation of the work of the International Monetary Fund and the World Bank is that their orthodox strategy has not resolved the economic problems of stabilising or borrowing countries. Their ideology, sometimes described as the Washington consensus, has neither reduced the volatility of the international financial system nor has it led to generally faster development or poverty reduction. While structural adjustment policies have contributed to increasing efficiency in some countries they have certainly compounded the economic difficulties of others. The shock treatment required of the countries with economies in transition has been a disaster, leading to an unprecedented collapse in some. Conditionality has become excessively wide-ranging, intrusive and prescriptive. The Fund's obsession with reducing inflation retarded growth of output and employment globally during the last quarter century. Borrowing countries have been forced to adopt beggar-thyself policies. Capital account liberalisation has been forced onto stabilising countries and has contributed to financial instability.

Major reform of the structures of governance and of the policies of the IFIs is required. Governance of both the IMF and the World Bank is asymmetrical and unequal. The lenders are the principal shareholders and the borrowers provide the income. A large proportion of the voting rights are vested in a small number of industrialised countries. The US dominates the IMF particularly and treats it as an arm of US foreign policy.

It is therefore vital that voting rights be made more representative and less unequal. Increasing the representation of developing countries could be expected to contribute to greater rigour in evaluation of Bank and Fund policies. The Fund should also practice what it preaches about transparency and accountability.

Staff of the Fund and the Bank like to talk about the moral hazard of cancelling debt but they, too, face a moral hazard: neither the institutions nor their staff risk any loss or sanction with the advice they give or the conditions they require of countries. They should now do what they rhetorically claim to be doing, which is to encourage countries to seek the unique policies that will suit each of them.
Official Bank policy is now to concentrate on poverty reduction as its principal goal, but there is often reported to be a difference between what is said and what is done, just as there is a cleavage between the Bank’s policy and operational arms. Bank strategy has acquired near hegemonic status in thinking about development. More competition in the realm of analysis and policy prescription is highly desirable. A major advance would be for the IFIs to adopt a more empirical approach and to evaluate earlier and more carefully the consequences of the advice they so assertively give.

**Global Public Goods**

An intellectually powerful paradigm through which to evaluate and consider reform of the international system is that of global public goods. Though the words may sound unfamiliar, the idea of global public goods is not at all strange in practice. We are used to recognising the importance of the framework of the international infrastructure such as the International Air Transport Association, the International Telecommunications Union, the World Meteorological Organisation and the International Monetary Fund. The most recently negotiated global public good was the International Criminal Court.

Public goods are freely available to all - roads, basic health services, and public open space - generally without competition or exclusion. Inge Kaul proposes expressing the concept positively by defining public goods as inclusive (public in consumption), participatory in decision-making (public in provision) and offering a fair deal for all (public in benefits).

One advantage of discussing global public goods rather than the far broader issue of global governance as a whole is that the debate is immediately concrete and specific. Gaps and weaknesses can be identified and means of filling or strengthening them discussed.

Extension of the range of global public goods is essential in many areas such as:

- control of diseases like malaria and AIDS; protecting the environment;
- reducing international crime; reducing financial volatility;
- extending distance learning; and
- to resolve or at least manage international conflicts more effectively.
An example of a gap in the framework of global public goods relates to the inadequacy of cooperation about tax issues between countries. Governments are limited by international competition in both the forms of tax and the tax rates they can apply. There is an urgent need to reduce opportunities for evasion and avoidance and to avoid the danger of countries striving to increase their revenue in ways that deplete the global commons. An international taxation organization is required to facilitate such cooperation. One of the essential tasks of an Economic and Social Security Council or an upgraded ECOSOC would be to identify the gaps in provision of global public goods and to propose methods of filling them.

**Financial Resources**

As well as institutional reform, a strategy for global social justice requires major new financial resources for global development: to fund economic and social programs, peacemaking and peacekeeping, protection of the environment and other global public goods; and to achieve a more equitable distribution of income, wealth and power.

It is simply morally untenable for those of us who live comfortably in rich countries to neglect the impoverished half of humanity. Economic justice alone suggests that the beneficiaries of globalisation compensate those countries which receive little or no benefit. No one can live entirely happily until human solidarity is a reality, globally. Of course the sceptics argue that additional funds for development would be wasted, and that is a risk. But there is extensive experience now in implementing development strategies and in allocating funds in ways that minimise those risks. So let us conclude with some examples of new resources.

It is estimated authoritatively that an additional $100 billion a year is required to achieve the international development goals set by the Millennium Assembly by 2015. This includes ensuring access to basic education and health services; achieving gender equality in primary education; other programs to halve poverty and hunger; halting and reversing spread of HIV/AIDS; and such goals as halving the number of people without access to safe drinking water.

There is potential for mobilising new resources in each of six areas:

The largest potential source of additional finance for development is within developing countries. One of the most important sources of additions to finance for development for many countries would be simply through improvements in the efficiency, comprehensiveness and honesty of tax collection. As well many reforms
are possible that would expand the national tax bases of most countries. Microfinance schemes are another way of mobilising local savings for on lending. Subsidies for such small credit schemes are a cost-effective way of ensuring the availability of capital for small entrepreneurs with initiative.

Foreign direct investment can be a useful addition to domestic savings. However, since so much of global savings ends up in the US at present and so little goes to the countries which need it most foreign direct investment is no panacea. What foreign direct investment there is in emerging markets is concentrated in about a dozen countries. Africa received only $9 billion in 1999. In any case much of the total was for mergers and acquisitions, often of privatised enterprises, not for new investment, and was therefore of much less value than greenfield investment.

The most obvious way of increasing resources for developing countries would be to increase their access to developed country markets. All developed countries should immediately provide duty-free, quota-free market access to all non-arms exports of not only the least developed countries - as the EU has just agreed to do - but also to highly indebted poor countries and consider doing the same for other developing countries, particularly the countries of Africa.

Donor countries should redouble their effort to increase the amount of overseas development assistance and meet the international commitment to provide 0.7 per cent of GNP for aid. This continues to be essential because it is impossible for many developing countries to attract private funds, and they can only escape the poverty trap with additional external funding.

Many possibilities are available for new and innovative sources of external funding, including a carbon tax and a currency transaction tax. It is clear that carbon emissions into the atmosphere are raising global temperatures and that this should therefore be discouraged. An international agreement to impose a tax on the consumption of fossil fuels would contribute to combating global warming. This could be structured to be supportive of developing countries by allowing them to recycle receipts into their own economies while industrial countries would be required to pay a part of their receipts to international organisations responsible for financing global public goods. However the negotiation of such an agreement would be extraordinarily complex as every point.
An equally politically difficult but technically simpler proposal is for a currency transaction tax or Tobin tax. One of the major impediments to national and international socially just development is the international financial market, for it is one of the most powerful forces in the world. It strongly influences the pace and pattern of economic activity and threatens economic stability. It can cause massive volatility and this has enormous economic and human costs.

Major reforms are essential. One of a number of important initiatives would be introduction of a currency transactions tax often called a Tobin tax. Governments at dealing sites could collect a tiny levy from all foreign exchange transactions through banks and other dealers. Such a tax would discourage very short-term financial movements while making little impact on foreign flows, around $3000 billion in 1998, could well fall substantially if such a levy were introduced.

A low tax rate of 0.1 per cent would generate substantial total revenue for governments, perhaps of around $300 billion a year. This would provide significant additions to the revenue bases of all countries and particularly those in which the main currency markets are located. Part of the international treaty that would be required to introduce the tax could be agreement on a formula for allocating part of the receipts for funding global public goods through the various international organizations such as the UN and its funds and agencies including the international financial institutions.

The impact of such a levy would include a marginal reduction in the capacity of international financial markets to influence national economic policy, and perhaps the opportunity for a small global reduction in real interest rates, because of the reduction in the volatility of short term financial flows. The agreement required for the application of a currency transaction tax would be a very significant step forward in international economic cooperation and in providing desperately needed resources for social and economic development.

Bilateral and multilateral creditors should pursue debt cancellation vigorously and expeditiously. The present debt reduction proposals offer too little, too late to too few countries. They are designed by creditors as debt collection, not debt relief. To complement other initiatives under way, a mediation-type mechanism should be introduced.
Fortunately all of these issues are being actively discussed in preparation for the United Nations Finance for Development Conference that will be held in Mexico in March 2002. That will provide another opportunity for further incremental agreement.

**Advocacy**

Some of these are ambitious proposals, but in a generation we can expect that many will have been implemented and the debates about them will seem anachronistic. The task for those of us who have strong convictions is to articulate simple visions, design the complex policies necessary to implement them and to offer competent performance. Advocates, networks and parties which do that will commonly defeat self-interested, plutocratic elites, for we will be basing our work on the fundamental moral and spiritual values and responding to the felt needs of the majority of the people. We are fortunate to live in a democracy in which the political process is responsive to concerted pressure. With commitment and intelligent, creative action change will occur.

The challenge at the end of the Political Declaration of the Geneva Special Session, adopted by all UN member countries, is a fitting conclusion:

At the dawn of the new millennium, aware of our responsibilities towards future generations, we are strongly committed to social development, including social justice for all in a globalizing world. We invite all people in all countries and in all walks of life, as well as the international community, to join in renewed dedication to our shared vision for a more just and equitable world.