Politics of globalization

Gail S. Schoettler

Gail S. Schoettler served as U.S. Ambassador to the World Radiocommunication Conference until July 2000. She was Colorado's Lieutenant Governor (1994-1998), State Treasurer (1986-1994), and executive director Colorado Department of Personnel. Prior to these positions, she was a trustee of the Public Employees Retirement Association. Schoettler has served on and chaired numerous boards, among them: Equitable Bank of Littleton, Women's Bank, and Douglas County Board of Education. French President Jacques Chirac awarded her the French Legion of Honor, France's top civilian honor, and the University of California at Santa Barbara recognized her achievements with its Outstanding Alumni Award. She holds a B.A. in economics from Stanford University, and an M.A. and Ph.D. in history from UC Santa Barbara.

People in the underdeveloped countries of the world are angry about what they see as "the unfair distribution of wealth, education, and resources," said Gail Schoettler in her address to the Global Executive Forum. The anger is directed at globalization and in particular at the United States.

"The reality is that globalization is dominated by America, by our economic power, our cultural and military power. This, in other people's minds, threatens their traditional cultures, their ways of governing, their legal systems and in many cases their religious values," said Schoettler, adding that these feelings are not offset by the fact that we're opening up economic and social opportunities in countries where freedom and jobs are in short supply.

"It's important to understand this anti-globalization, anti-American sentiment because if we don't understand it, we can't deal with it effectively."

The gap between the haves and the have-nots is growing, leaving whole populations behind. "Many in Africa and Asia are worse off today than they were a decade ago."

Developing is a word that's used to describe economically poor countries. "But they're not developing, they're underdeveloped. It's hard to imagine how these countries are ever going to develop. Statistically, there's a very small percentage that has any potential to get out of the morass they're in. But they continue to hope.

"The poverty is not just about money. It's about a real sense of powerlessness, a sense of isolation and alienation. People are sick, people can't make a difference in their lives, and so they're hopeless. When they are that despairing, they very often turn to violence and messages of hatred."

We need to be concerned about the origins of this hatred and also about its impacts, she said.

- Boycotts. "In Saudi Arabia there has been a grassroots boycott of American products, which has cut sales by 30 percent. The major brands Coke and Marlboro are down over 50 percent. There's nothing organized here, it's just people saying they're not going to buy American products. The Internet has proven to be an excellent tool for organizing protests all over the world; the same could be true for boycotts."

- Security. "This is an enormous expense for the U.S. and for every corporation. We are not even remotely prepared to manage the security of our computer systems and the Internet."
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- Asymmetric warfare. "It's low tech vs. high tech. It's low power vs. high power. It's somebody with no power being able to take advantage of somebody with a lot of power. The USS Cole filled with spy equipment was blown up by a little rubber dingy loaded with explosives. Sept. 11th was guys with a little bit of flying school training taking four of our big high-tech pieces of equipment and turning them into guided missiles. And as we see in Israel, a very high-tech, highly militarized country can be devastated by suicide bombers.

"This low-tech asymmetric power is a great source of power to people who have always felt powerless. What it means is that we have got to find new ways to deal with the rage around the world because it's having such a huge political, social, and economic impact on us.

"The United States is the most powerful country on the planet. We spend more on defense than the total of the next 20 countries. By 2005, we will spend more than the rest of the world combined. Nobody is going to match us militarily. That doesn't mean they can't blow up another USS Cole."

Schoettler referred to her travels to the poor countries of the world and what people there said to her about globalization.

"They are afraid that they are getting left behind and left out and, in fact, they are. They're afraid they're only getting what's left over from the developed world. They think they will never have the ability to build their economies unless they have the resources to build a modern infrastructure and they can't imagine where they're going to get those resources. They say nobody in the developed world ever listens to them, nobody cares about them, and nobody cares what happens to them. They feel they get no respect, no help, and no consideration," said Schoettler.

"Respect and dignity play a very big part in all of this. They think that their poor education systems are leaving them without any kind of a skilled work force to help them build their economies for the future. And they're right."

If nothing changes, "we will have population growth without economic growth. By 2050, 90 percent of the world's population will be living in poor countries, 18 percent in India alone. They will migrate to developed countries where they can work and survive. We don't want this migration, but we'll need the labor force. There will be political impacts within our country as well as impacts on those countries that lose their most able workers."

A chaotic world

The first step to managing in what is a very chaotic world is to "understand and deal with the reasons behind the strong resentment toward us.

"We need to realize that many of the objections to globalization have a lot of validity. Even if we don't think they're valid, somebody else thinks they're valid and that person could strap on an explosive and blow himself up in the next Bali nightclub.

"We need to accept the social responsibility that goes with globalization. CEOs need to be engaged with the realities of the countries where they operate, working with the governments and making a difference in the lives of workers."
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"We need to help build the basic institutions that will bring people into the capitalist system and the democratic system. You have to have institutions if you're going to be successful. "We can help provide micro credit, which has been an enormous source of help, particularly to poor women in countries around the world.

"We can engage in the fight against corruption which keeps resources out of the hands of the people who need them the most. Corruption breeds rage, not just against the corrupt leaders but against the United States, because many people say we support oppressive regimes like in Saudi Arabia.

"We can push our government to use its foreign aid better, to provide financial incentives along with aggressive monitoring. We spend so much of our money in countries like Egypt and Pakistan for political reasons, but not to build the local economies. Business leaders can have a very big impact on the direction of our foreign policy.

"We're going to need new markets, and if you've got 90 percent of the population in the poor countries, that's where the markets are going to be. I think it's just pure self-interest that we take some role in helping these countries to develop economically.

"Successful economic globalization means having good intelligence, military security, commerce and cooperative law enforcement. It means opening up markets all over the world, not just in the developed world. It's going to mean free capital flows, smooth worldwide logistics, reliable rules for international trade, and protection for intellectual property rights. And we have to give up our arrogance of power.

"We can't operate when the rest of the world hates us. So if we want to keep America safe and continue to open global markets, we have to do that with a concern for the politics of globalization and the needs of people everywhere."

The spectre of AIDS on the global economy

AIDS is poised to have a major impact on the future of globalization, Gail Schoettler told the Forum.

This killer disease has been leaving footprints on the African continent, but where it's growing fastest is Eurasia: Russia, China and India. "These countries are home to most of the world's population, and they are in total denial about their AIDS problem."

Although the problem in Eurasia is relatively small right now, "the growth rates are climbing and could become astronomical, completely upsetting the economic and military balance of the region."

Militarily, "Eurasia has four of the world's five million-strong armies, and four of the seven declared nuclear states."

Economically, "AIDS could cut GDP growth in those countries by between 50 and 100 percent over the next 25 years. It will reduce the market potential and decimate the labor force. Foreign investment and manufacturing opportunities will be reduced as will incomes. Therefore, it's going to lower buying power which reduces the world market potential.

"Not only will AIDS in Eurasia be a catastrophic humanitarian crisis that we cannot ignore given the military and economic importance of the region, it's going to overwhelm the global health care operations."
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It could potentially destabilize governments because people will be so desperate to get some kind of health care.

"And this comes at a time when we're shifting from natural resources to human capital as the way to grow economically.

"I think it's critical for American multinational companies to understand that AIDS could have a much bigger impact than any of us has ever thought about."

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Poverty - What does poverty look like today? Schoettler shared some statistics:

- Half of the world's population lives on less than $2 a day;
- A billion people live on less than $1 a day;
- One woman dies in childbirth every minute because she lacks health care;
- A quarter of all deaths in 2002 are going to be from AIDS, TB, malaria and the complications of diarrhea, which result from dirty water;
- One hundred million children in poor countries will never go to school;
- Half of those kids are in Africa, a quarter in India, and another quarter in Pakistan.

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Schoettler quoted world leaders and the business press on the issues of poverty and globalization:

"Power today is still monopolized by the West and their moral fiber leaves a lot to be desired. They use the World Trade Organization to make a maximum profit, not for humanity, but for the ruling classes in their respective countries."

Nelson Mandela (Seattle Times)

"The U.S. has built a humongous mansion in the middle of a world with a lot of slums. Instead of spending money to build walls for its mansion, the U.S. should spend more on sustainable development."

Ayisi Makatiani
Founder, Africa Online
(Fortune Magazine)

"Protestors reflect popular concern about the hard edges of globalization - fears about leaving the poor behind, caring about profits more than people."

The Economist

The global economy is "pretty much still in the robber baron age."

BusinessWeek
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