ADDRESS BY MR. KOFI ANNAN,
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It is with great pleasure and excitement that I welcome you all to the first United Nations Conference of the new millennium.

We must all feel intense gratitude to the Government and people of Thailand for the wonderful welcome they have given us. And we must all feel how appropriate it is that this country, and this region, are hosting this conference.

Few of us can have forgotten that it was here, only two and a half years ago, that the last great financial crisis of the old millennium began, with the devaluation of the Thai baht. For a year or more it seemed as if East Asia, after blazing a trail of success for other parts of the developing world to follow, might actually become the harbinger of a new era of instability and impoverishment.

Thank God, those fears proved to be wildly excessive. The world economy is now growing again, and almost all regions of the world are sharing in that growth. South-East Asian countries, and this one in particular, are leading the recovery; and other major economies which were badly affected by the crisis -such as Russia and Brazil - are now clearly on their way out of it. And once again, the recovery is clearly export-led. Trade and development are indissolubly linked, as the title of this Conference clearly implies.

Less than three months ago, Mr. Chairman, many of us were at another conference, in Seattle. We thought we were there to take part in the launching of a new round of trade negotiations, which we hoped would be called the Development Round, because it would at last deliver to the developing countries the benefits they have so often been promised from freer trade.
Alas, that round has yet to be launched. The popular myth is that it was blocked in Seattle by the peoples of the world joining together in the streets to defend their right to be different, against a group of faceless international bureaucrats who wanted to force them all to eat the same genetically modified food. In other words there was a kind of global grassroots uprising against globalization - however paradoxical that may seem.

The truth, I'm afraid, is more prosaic. The Round was not launched because Governments - particularly those of the world's leading economic powers - could not agree on their priorities. The developing countries - helped by UNCTAD, I am glad to say - played a more active and united role than in previous conferences, but the industrialized countries remained locked in arguments among themselves. Their Governments all favour free trade in principle, but too often they lack the political strength to confront those within their own countries who have come to rely on protectionist arrangements. They have not yet succeeded in putting across to their peoples the wider interest that we all share in having a global market from which everyone, not just the lucky few, can benefit.

The protests in the streets were important in their way. They reflected anxieties which many people do feel about globalization - about its effects on employment and labour standards, on the environment, on public health, on human rights and on cultural diversity.

Those anxieties do need to be addressed - by Governments and by the private sector, at the national level and in some cases internationally as well. In most of these areas there are already agreements on universal values and common standards - the fruit of many conferences and long negotiations. What is needed is that States live up to their agreed obligations. There are international institutions - the United Nations and its specialized agencies - which exist to help them do that. Of course those institutions could do a better job if they were given resources and support to match their mandates.

Development, rightly understood, includes advances in all the areas the protesters are worried about. A developed country is one that allows all its citizens to enjoy a free and healthy life in a safe environment. And a genuinely developing country is one in which civil society is able to insist, not only on material well-being, but on improving standards of human rights and environmental protection as well.

Is globalization an enemy of development, in this broad sense? Surely not. Of course it has its casualties, as any historic change in human society is bound to have. And those who do best out of it have both an obligation to do more to look after those casualties, and a strong interest in doing so - since otherwise they risk a global backlash which could wipe out all their gains.

But the main losers in today's very unequal world are not those who are too much exposed to globalization. They are those who have been left out. "The world's poorest societies and peoples" - to quote a recent article in the Financial Times - "have been not so much exploited by the modern economic system as almost entirely excluded from it."

Mr. Chairman, it is that exclusion which should be of particular concern to this Conference. How and why is it that such large parts of the world are excluded from the benefits of globalization?
In part, it is indeed because development is held back by the barriers which industrialized countries still place in the way of exports from developing ones. I had a lot to say about that in Seattle - or at least I would have had, if the protesters had allowed me to give my speech. But in this gathering, it is hardly necessary to denounce the protectionism of industrialized countries.

Most of you already know it all too well.

What may need to be emphasized here, by contrast, is the responsibility of developing countries themselves, and particularly of their leaders. Posterity will judge those leaders, I suggest, above all by what they did to encourage the integration of their countries into the global economy, and to ensure that it would benefit all their people.

Mr. Chairman, I am not here to give lessons in economics. There are probably at least a thousand people in this hall who understand economics better than me. I do not pretend to know the answers. But these, I believe, are some of the questions that this Conference should be considering:

First, how can we ensure that more countries are able to enjoy export-led recoveries, and that within countries the benefits of trade are fairly and widely spread? In other words, how do we make trade work for the poor?

Next, how can we ensure that all developing countries, especially poor people within them, benefit from the growth of private investment and can borrow at affordable rates? We know that some of the obstacles to private capital flows, such as the prevalence of conflict in neighbouring countries, are hard if not impossible for States to overcome. Might it be the role of overseas development assistance to subsidize the risk premium which investors pay in such cases?

And then, how can we make new technologies more widely available, and ensure that they are better used? From Bangalore to Sao Paulo we see extraordinary examples of new skills bringing about dramatic changes. Not only is Microsoft investing billions of dollars in India, but Indian software companies are buying up firms in the United States. And yet half the world’s population have never made or received a telephone call, let alone seen a computer. What are the conditions that make the difference? Which of them can States provide, as opposed to those which are more a matter of the State keeping out of the way? And how can we enable developing countries to benefit from advances in technology and medicine, which patents currently place beyond their reach, without reducing the incentive to those in industrialized countries who achieve such advances?

Is there a role for external assistance in helping small-scale entrepreneurs in developing countries to find their way around in the international markets? Can we build on the experience of the Grameen Bank, thanks to which rural women in Bangladesh now have mobile phones and can check world prices for their products, instead of being at the mercy of middle men? Another question is how can we develop new partnerships, reaching beyond old-fashioned intergovernmental co-operation, to advance the cause of development in the broad sense I have outlined? A year ago, at the World Economic Forum in Davos, I proposed a Global Compact between business and the United Nations, under which we will help the private sector to act in accordance with internationally accepted principles in the areas of
human rights, labour standards and the environment. Since then we have seen such initiatives as Netaid - a partnership between the United Nations Development Programme, Cisco Systems and the entertainment community to raise consciousness about extreme poverty in the world and money to fight it - and GAVI, the Global Alliance for Vaccines and Immunization. I am sure that much more can be achieved in future, and many different kinds of co-operation are still waiting to be imagined.

And then, what can we do to ensure that the voice of developing countries is not only heard, but listened to, in future discussions on international trade rules? UNCTAD, the World Bank, the WTO, and donor Governments acting bilaterally, are all seeking to help developing countries prepare better for international negotiations, and to implement agreements once reached. (This can cost more than the entire annual budget of some of the smallest and poorest countries.) Here too, perhaps, there could be a bigger role for civil society and business.

Finally, what can we do, collectively, to enable the least developed countries - those which at present are developing only in name - to take their place on the upward escalator of world growth? Many of these countries have learnt the hard way that simple transfers of resources do not solve their problems. They have gone through painful processes of policy adjustment, but in too many cases have reaped only meagre rewards - whether in terms of debt relief or other forms of assistance, or of improved market access for their products. Could the time be ripe for a Global New Deal, whereby these benefits would be guaranteed to countries which stick to an agreed mix of policies designed both to favour investment and to ensure that its benefits are shared by the population as a whole? Can we not attempt on a global level what any successful industrialized country does to help its most disadvantaged or underdeveloped regions catch up?

Those are my questions, Mr. Chairman. There may be others equally important. But whatever the details of your deliberations, I hope you will bear in mind the overriding goal of enabling all the world's people to participate in the new global economy, and to enjoy its benefits. For that to happen, we need common standards, defined and enforced by States working together in multilateral institutions and, above all, rooted in shared values. In the last resort it is common values that hold every community together. That has been true of local communities throughout human history. It is true of national communities today. It must be no less true of the global community we are now beginning to build.