

International Symposium

Globalization and its Impact

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Globalization seen from France and Europe

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Introduction

I would like first to thank the Doshiba University, and more specifically Mr Masahiro HOSOYA for offering to me the opportunity to share with you, as a Frenchman and as a European, my views on globalization and its impacts.

From my understanding of the purpose for the symposium, as included in the kind invitation I received, the objective of each presentation is not to try and cover all aspects of globalization but rather to highlight the perspectives on which our specific experience and knowledge gives us specific viewpoints .

As for myself, I have been mainly involved during the last "3 decades in the relationship between Europe and Developing Countries. Due to our commitment to promote development,, my organization was, since 1980, one of the first to pledge for the necessity of a reform of the European Common Agriculture Policy in order to avoid to penalize too much the agriculture in developing countries.

As you may guess, this work was followed, in the framework of the negotiations of the Uruguay Round on agriculture, by a continuous involvement at the international level aimed at building networks around the world, among professional organization, research, universities, churches, NGOs. Our objective was to try to build a shared understanding of the issue "GATT/WTO, agriculture and food security». No need to stress how today our key theme is at center stage focus ?!

This work gave us the opportunity to meet and cooperate with a number of Japanese organizations (Universities, farmers and consumers organizations) and to publish, in 1986, in the United States, a magazine targeted towards the American farmers, in which an article written par a Japanese researcher, was explaining the social and the environmental dimension of the rice production in Japan.

This work gave us also the opportunity, with the financial support of the OECD, to send, one of our African partners to an Asian Symposium held in 1988 in Tokyo on the organization of the rice production and trade. This African partner came to explain to Asian producers the necessity for African countries not to become too dependant from the Asian rice. Victor Hugo, a famous French author wrote "Nothing is more powerful than an idea for which the right time has arrived". Evidently it was not the case for our idea as we were promoting it in 1988. The

food crisis and the urban revolts happening today in Africa seem to indicate our idea has now reached its own right time!

In any case, my involvement with GATT and WTO has gone deeper and deeper and for several years now, I have been working as an expert in European Technical Assistance programs aimed at reinforcing the capacity of developing countries and countries in transition in Central Asia regarding the designing of their trade policies, and in some cases, their capacity to negotiate fair conditions for their accession to the WTO.

It is on the basis of this experience that I would now like to share with you some elements of my thinking on globalization. I will start with introducing remarks on globalization, and continue with a presentation on how globalization is viewed when looked at from France and Europe. I will end my presentation by offering some perspectives regarding areas which need to be considered if we want to reduce tensions and improve regulation at the world level, and work for a more sustainable development which means not only to reduce pressure on the non renewable resources but also to reduce inequalities.

I - Introducing remarks

1.1. About definition

First of all, several authors and politicians, in France and in Europe make a distinction between internationalization and globalization, a distinction which I try to summarize as follows:

Internationalization: a phenomena, a process that we can not stop:

Internationalization is a phenomenon which is induced mainly by the development of New Technologies of Information and Communication (NTIC) and in some way by the falling costs of transports, and which cannot be stopped.

It covers a number of processes, among them movements of resources from one part of the planet to an other. Among these resources, there are people, images, ideas, natural resources, the financial capital, but also political behaviour, management and consumption practices and , as it is written in the cover sheet of presentation of this symposium, the whole of human life, including bad behavior. In the words of presentation, there is reference to "American standard". We could also consider our topic includes the mafia and terrorism under all its forms.

Globalization : A choice of policy

"Globalization" is mainly seen as a choice of policy, which is a real policy project, designed at the end the eighties and during the nineties by personalities who can be so different such as Mme Thatcher, M. Gorbatchev or M. Clinton. This project of globalization aims at unification, harmonization, and simplification with the deliberate purpose of fluidifying all sorts of exchanges, favoring a world more efficient market, and erasing disparities.

1.2. Globalization: since when, to what extent ?

Regarding trade liberalization, it is acknowledged by the majority of economists that liberalization has supported the global economic growth, but that it also increased the growth of inequalities between and inside countries. As the first trade agreement dates from the 14th century before Jesus Christ (it was signed between Cyprus and Egypt), we can say that we are weak in learning from our history on how to manage such political projects.

Today, due to the fact that communication tools “embrace” the whole planet, we have the feeling that internationalization and globalization has been already achieved and is a finished process. There are serious reasons to doubt this assertion: according to some authors, in history, globalization movements have often been followed by de-globalization movements. We already assist today to a revival, re-deployment re-birth so to speak of nationalisms and particularisms.

Nevertheless, we have to note that the big problems of contemporary Mankind are “globalized” such as the sustainable development, poverty, the use of nuclear energy, the terrorism, the global governance, the pandemics.

1.3. Key questions to address

The title of this symposium is “Globalization and its impact”. But the real question to answer is “Globalization impact on what ?”.

We could agree to exchange our views on the impact of globalization on sustainable development. If we do so, we could admit that sustainable development means not only “Reducing strains on non renewable resources and on environment in general, but also reducing inequalities inside the countries, between the countries, and at the end, between our generation and the future ones.”

The problem is complex, but if you have conclusions to draw and recommendations to formulate, they should be targeted towards two main directions:

- The behavior and the responsibility of the social and economic actors and of the civil society in general.
- The system of regulation that should be designed and implemented so as to result in a more equitable balance of powers and responsibilities between the different nation states.

II - View from France and Europe:

2.1. View from France :

2.1.1. Views on globalization

Visionaries: A tragic view from J. Attali former Counselor of F. Mitterand

In his book "Brief story of the future", J. Attali, draws three possible futures at the horizon of the middle of the XXIth Century as follows:

If market forces take over the planet, then this ultimate expression of the triumph of the individualism, this triumphal course of the capital, which already explains the essential of the most recent tremors of History.. will create what Jacques Attali calls the *hyper empire*, *out-of-hands* and planetary, creator of marketable resources and of new alienations, of fortunes and of extreme miseries; nature will be destroyed; all will be private, including army, police and justice.

If Mankind tries to interrupt the globalization by using violence, it will fall over a succession of regressive barbaric turmoils, opposing States, religious groups, terrorist entities and private pirates. This war, which Attali calls *hyperconflict*, would in the end lead to the disappearance of mankind.

But if globalization can be mastered, if market forces can be contained without being abolished, if democracy can become worldwide while remaining practical and concrete, if there is no domination of one single empire over the world, then a new and infinite space will be opened for freedom, responsibility, dignity, respect of the other. This new age, which Attali calls *hyperdemocracy*, will allow the establishment of a world democratic government and a system of local and regional institutions. This system, in turn, would achieve sustainable development.

Without entering into the details of such a visionary forecast, the choice of such grand and pompous rhetoric shows up to which extent the latest developments in a world that is perceived as less and less under control is becoming a central concern for French politicians and for the public in general.

Social and civil society movements: From anti-globalization to alter globalization

During the last twenty years, the meetings and conferences of international organization such as IMF, World Bank and WTO have been regularly disturbed by strong civil protests against the globalization.

You have certainly noted that the name of these movements have evolved, passing from an anti-globalization attitude to a pro alter-globalization one. These alter globalization groups seem today to be more pragmatic in their approach and in their struggles. The struggle against the new constitution of Europe which was deemed way too liberal, the struggle against GMO are concrete examples of such strategy vis à vis the public regulation institutions and the private sector. Fair trade initiatives are another example.

Concerning specifically the trade unions organizations, one buzz word is all over the declarations related to globalization: protection against social dumping. But French and European social movements are often accused by those in favor of liberalization, to raise only the demerits of globalization and to forget its huge benefits: 1 French employee out of 7 works in the subsidiary of a foreign group.

In my view this is partly due to the evolution of the structure of employment and of the trade unions themselves than to bad faith: the jobs that are threatened in France are those related to the production of goods (agricultural and industrial goods) where trade unions have been well organized for a long time. The opportunities created by liberalization are in the services sector, which represents more than 65 % of employment but where the creation of jobs is less concentrated (contrary to what is the case in big plants devoted to goods production) and consequently less favorable to the creation of trade unions.

The private sector: seek global markets, where a 4 to 5% growth rate can be achieved.

As I said earlier, the service sector now represents more than 65% of employment in France. This evolution brought about meaningful changes in the structure of the French employer's federations. Until a few years ago, the MEDEF, the main employer's federation, used to be dominated by the industry sector. For the first time in the history of the organization, the last elected president is, at the same time, coming from the services sector and a woman.

In terms of position on globalization, this major change brought the organization from a protectionist attitude to a more offensive one, supported by the two master words "competitiveness on the world market" and "attractiveness of the country for Foreign Direct Investment (FDI)". The national employer's Federation urges the French enterprises is to operate and perform in a global environment, and seek global markets, where a 4 to 5% growth rate can be achieved, and not to restrict themselves to the French arena where growth reaches only 2 %.

This federation has become, in the very recent past, more open to sustainable development issues. In a recent interview, Laurence Parisot President of MEDEF declared "Sustainable development has to become of specialty of the French Supply".

If we stick to facts, we can observe a divide between the big French companies and the great majority of the Small and Medium Enterprises. Compared to the difficulties encountered by the SME, the success of some of the first category has been spectacular during the recent years. Thus, amongst the 500 first world companies, 39 are French (at the second place behind the United States according to the magazine Fortune): before Great Britain and Germany. But this globalization process of the companies is narrowly linked to a strategy of de-taxation by using tax-avoidance paradises.

At the Governmental level :

Report on "France and the Globalization"

As you may be know, the President of France, elected last year, is, in some way, accused of "atlantism" because of progressively bringing France closer to NATO and because of his will to warm up the Franco-American relationship.

Surprisingly, the President requested a Report on "France and the Globalization" from M. Védérine, a Socialist, who served as Foreign Minister from 1997-2002 in the government of Lionel Jospin, in which capacity he famously qualified American counter-terrorism efforts in the aftermath of 9/11 as "simplistic."

I would like to submit to you some of the recommendations provided for in this report.

"We should make the European Union the most effective level of action in the process of globalization: the regulating power par excellence. [p. 26]"

"It [France] should conduct and inspire on the European level a much more offensive policy of protection, of solidarity and of regulation, such that Europe becomes the regulator of the global[ized] world. [p. 9]"

"Since the decoupling of subsidies in 2002-2003 and the removal of the export subsidies, the Common Agriculture Policy is no more "protectionist", it is compliant with the WTO rules."

"A Small business Act should be adopted at the European level"

The idea, under this project, is to reserve the exclusivity of an important part of the European Public Procurements to European Small Enterprises. That would require, as it has been explained by the Former State Secretary for Prospective and Evaluation of Public Policies¹ that the EU obtain dispensation (a waiver) from the WTO government procurement agreement.

We could complement this list of declarations by some policy measures which regularly appear in different governmental publications:

- Energetically strengthen the protection of our intellectual property, which at present is too timorous (we could draw on the much more offensive attitude of the US) ;
- Implement policies to encourage innovation within SME.
- Put in place a veritable prospective on careers of the future and sectors that create employment in Europe
 - To more effectively apply (i.e. to systematically apply in full) the European directive on the posting of workers. It is important that all workers be given equal treatment in countries where they work (i.e. they must all benefit from legislation in force in the host country).
 - To weaken the 35 hours law and increase the flexibility of the labor laws.

From these few broken off quotation, we could anticipate that, as France takes its turn at the Presidency of Europe, it will use the position to move forward unabashedly vis à vis the new competitors i.e. the emerging economies: It might very well try and improve competitiveness on the world market while reaffirming a European trade preference not only at the agriculture level but also at the small and medium enterprises level.

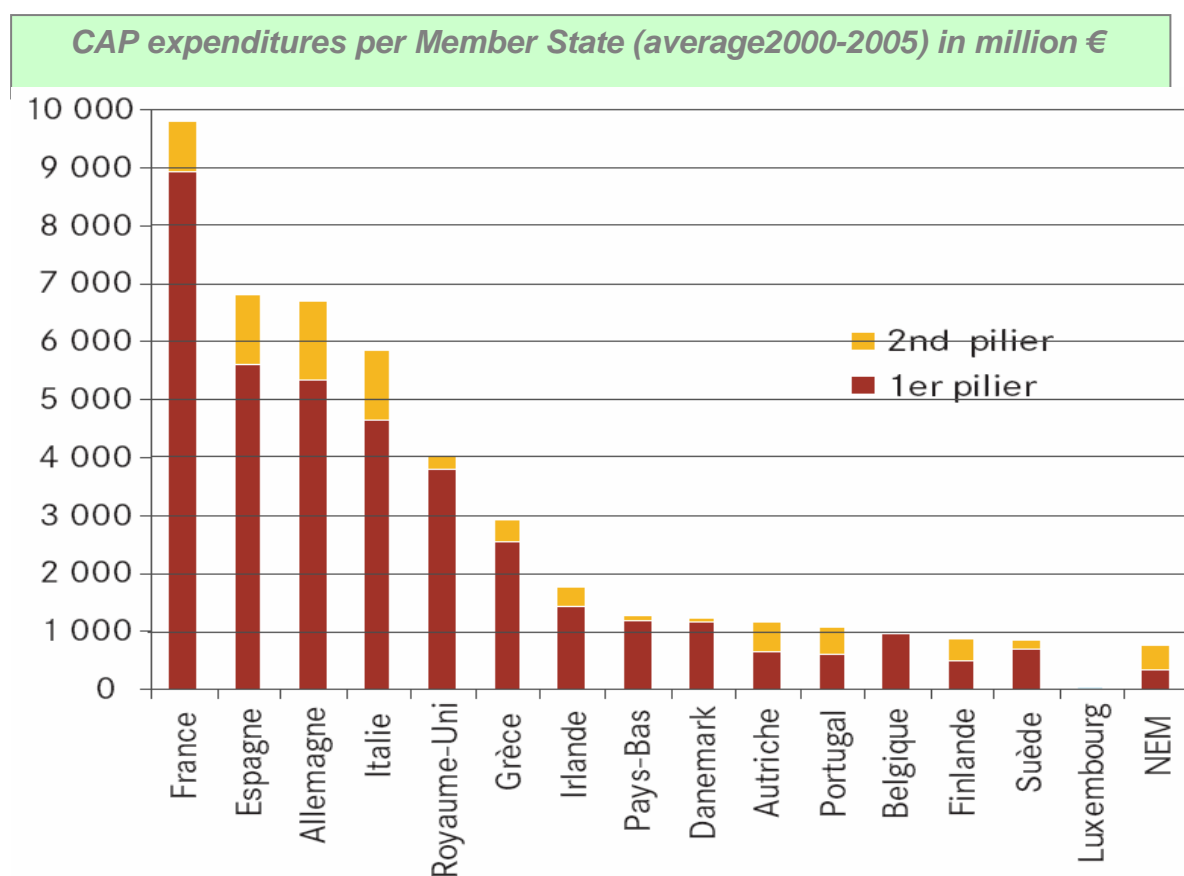
That could well be encapsulated in the formula of the Former State Secretary for Prospective and Evaluation of Public Policies "Protecting what must be protected does not constitute "protectionism"".

¹ ACTES "Europe in the Global Economy 22nd - 23rd of November 2007

2.1.2. Agriculture: the French exception?

Agriculture

One figure will give you the particular situation the French agriculture is facing regarding a further liberalization of this sector: in 2005, according to the National Institute for Research in Agriculture, on average, 98% of the net total income of the French farmers were coming from direct subsidies. With 9 billions of direct subsidies, France is far from the main recipient of aid from Europe. When we compare these 9 billions of direct subsidies with the 9 billions of trade surplus in the agro food sector (furthermore, the trade surplus are made mainly from wine and spirits which are not subsidized) we may understand that the agriculture community is deeply concerned about any trade liberalization.



Source INRA

At the European level, in case of global reduction of subsidies as the consequence of trade negotiations in the Doha Round, the question is how such reduction of these “incomes” drawn from the European Budget would be compensated.

Saying that, I will add that the main issue of concern for the agro food sector is not related so much to the continuation of the export of raw agriculture products but rather to the development of the export of labellized products and of food processing techniques. That is why, a higher protection of geographical indications of origin, and the intellectual property protection in general, will be key elements of acceptance, by the French agro food industry, of a reduction of the European budget support to the agriculture sector.

2.2. View from Europe

It would be too long to continue my speech with a presentation of how the European Union tries to deal with globalization. I will only provide you with some key elements of information.

The European Union, made of 27 countries, is the world's largest economic entity, with half a billion people and a gross domestic product slightly larger than the United States. It is the largest exporter, the largest foreign aid donor, the largest source of foreign investment, anda magnet for migrants.

At the same time, Europe is highly dependent on energy imported from countries like Russia, Central Asia, Middle East and North Africa which lack of political stability and have real problems of governance or legitimacy.

Politically, Europe's decision-making powers, in absence of an in-depth reform of its governance system, will remain fragmented and ineffective. And this fragmented power of Europe is the reason why, as some authors put it, it punches below its real weight.

But if we had to underline the best result that the European Union has achieved, there is no doubt that Europe has been a laboratory for reconciliation: the Franco-German reconciliation and closer to us, the reconciliation in Northern Ireland.

Europe is also the first experience of countries which have decided to build up a community of states.

That may be why the European Union has more legitimacy and, in some way more authority than other powerful countries when it comes to building a new international regulating order or to solving regional conflicts. This ambition is already listed in the main stated foreign policy objectives of the European Union which are the following:

- "contributing to stability and governance in Europe's immediate neighborhood"
- "helping build an international order based on 'effective multilateralism'"
- "dealing with security threats"

Regarding the efforts made by the European Members states to reinforce the decision-making system of the EU and its negotiation capacity at the international level, it is important to note that the prevailing framework for trade negotiations is the framework of the WTO rounds : in this area the European Commission has the exclusive mandate of negotiation on behalf of all the members states.

In its book, recently published, the Bruegel Group² makes a recommendation for adopting the same attitude at the IMF and the World Bank.

² ["Fragmented Power: Europe and the Global Economy"](#).

III- Global issues related to globalization

Our future is uncertain. The USA, which have been the leading force up to now, will probably lose their leadership within the next twenty years. Europe, which is wavering between exemplarity, principled intervention and the strict pursuit of its interests, has too fragmented a power and too weak a decision making capacity to take over a real leadership. No emerging country, not even China, has the capacity to undertake the possibly over ambitious "world leadership".

At the level of international organizations, the IMF is losing influence and power as less and less countries need its services, at a time when more and more needs would be for a powerful organization having capacity to deal with the opaque financiarization of the economy or, to say it short, the complex relationships between financial mechanisms and the real economy.

As regards the WTO, it has demonstrated that, thanks to its coercive dispute settlement body, which is the corner stone of the system, it was able to enforce the rule of law even over the most powerful nations. But the fact that the Biannual Ministerial Conference has not been held at the end 2007 reveals at the same time the weakness of the institution. This weakness is not only due to a decision making system based on consensus, but also to the hard questions that have to be resolved, and, ultimately to the problematic environment in which it operates and the dilemma it faces, which could be summarized by the formula "make trade where possible, make war where necessary".

On the basis of these main observations, I submit to you considerations related to the need for enhanced globalization. I will first question the principle of non discrimination which is the strongest basic principle of the WTO system, and following the orientations given by the report on growth, published in April by the EU Commission on Growth and Development, I will pledge for the enforcement of a new generation of principles and norms, which require the joint involvement and commitment of all actors, whether public or private.

1.1. Recalling history on the non discrimination principle

It is interesting to recall that the first time the principle of non discrimination has been put forward, is in the President Wilson speech of 1914 which pledged strongly in favor of this principle with the intention to break exclusivity of access to colonial markets which the colonial powers have been jealously preserving.: that speech, in filigree, contained the end of colonization.

That non discrimination principle, which served the American interests during the XXth century, now serves the interest of the emerging economies, mainly China. That is why the WTO negotiations are not jammed or stalled not only because of agriculture but also because any additional liberalization of trade in goods would benefit mainly to one of the big emerging actors.

That explains why USA and Europe have come back to the process of bilateral or regional trade agreements where it is easier for the rich countries to negotiate and secure protection of their trade interests than in multilateral agreements. Regarding this point, it is important to note that the WTO is not really in capacity to determine if the regional trade agreements are compliant with the WTO rules: more than 150 regional trade agreements have been notified to the WTO Secretariat: Only one has been granted full compliance with the WTO rule (the trade agreement which ratified the separation of

Czechy and Slovakia. All the others have been assessed as “neither compliant neither non compliant”!

My conclusion: the non discrimination principle, which applies only to the market access conditions should be enlarged and extended to more global considerations which should integrate sustainability criteria.

1.2. A new generation of “imperatives norms”

The Commission on Growth and Development, supported by the World Bank and chaired by Michael Spence, Nobel of economy, and which comprises 21 members, who are practitioners from government, business and policy has published last April a report devoted to fostering faster convergence of incomes between rich and poor countries.

The interesting point of this report is that it revisits the so called “Washington Consensus”, which pushed developing countries and economies in transition towards a radical liberalisation and privatisation of their economy. Furthermore, it issues recommendations aimed at combining growth and environment.

Taking into consideration these recommendations, and the fact that the WTO principles and rules alone are unable to achieve sustainable development objectives, I propose to think about the building of a new generation of “imperatives norms for sustainable development”.

As a matter of fact, today, except international rules, like those of the WTO, which apply to countries because a coercive system is in place, there are only 6 norms recognised as imperative and respected in principle by each international agreement. They are the prohibition of aggression, genocide, the abusive practice of torture, crime against humanity, slavery, and lastly, the right to self determination and are qualified by the Latin term “*jus cogens*”.

The imperative nature of these norms means that no international agreement can contain any clause contrary to them. In that sense, these norms take precedence even on WTO trade rules and their application through the Dispute Settlement Body, and overarching over international agreement.

Our proposal then is, in order to respond more efficiently to the major challenges of sustainable development, to add a new series of imperative norms to this short list. The fact is that, international treaties and conventions related to social and environmental aspects do exist but the world legal system is so crowded, with a fog of juxtaposed agreements and conventions without hierarchy or link between them that they are not recognised.

The work to be done now, would be to build this new, clear and articulate architecture of norms, which would integrate criteria related to poverty reduction, the use of energy, pandemics, sustainable development criteria in general, knowing that this new generation of norms, also taking precedence on WTO rules or any other agreement, would constitute a reference not only for designing trade and development policies but also for designing technical assistance programmes to developing countries.

A system, at a higher level, preferably under the aegis of the General Secretariat of the United Nations, would be set up to insure arbitration between this new set of norms and other agreements such as the WTO.

In conclusion,

I think negotiations of the Doha Round are at standstill because this institution deals only superficially with issues of development. A mathematic reduction of import taxes and internal subsidies is not enough to offer prospects of solutions to the food crisis. The problem is deeper than that. The international trade policies regulation system need to be supported by a strategic long term project and by a more constraining framework which integrates all the dimensions of the sustainable development.

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