The World Today

Tool Yourself For A Global Career

Ms.Tamara Brathwaite

Librarian, The UWI Graduate Institute of International Relations, The University of the West Indies, St Augustine Campus.

Two key issues have attained vital importance in the 21st century yet they have only been dimly perceived by those to whom they should be of the greatest interest – developing and emerging countries.

The first is that financial crises and surges in private capital markets have disrupted and continue to disrupt the global economy far more quickly and to a far greater effect than any trade phenomena. The Caribbean was a victim of this in the lost development decade of the 1980s, and the dis-development decade of the 1990s. The process continues into the 21st Century and every time our Governments go a-borrowing in the capital markets of the world we get caught up in a new system of ranking and domination more significant than that of trade. This observation diverges from the orthodoxy: *it is vitally more important to manage financial crises and surges in private capital markets than it is to deal with trade and trade related issues*.

The second issue, started in the 1990s, as a marker to the arrival of the 21st Century. It is *the rapidly growing importance of developing and emerging countries in the world economy, representing an emergent shift of power away from the world's richest 7 countries*. It has been explicitly underplayed both by the rich countries and the global financial institutions, understandably.

Corporate globalisation and trade and the surging capacities of Developing and Emergent countries in the global economy

In relation to developing and emergent countries of the world, the empirical evidence suggests that reductions in poverty and income inequality remain elusive in most parts of the world. The promise of more equal income distribution and reduced poverty around the globe has failed to materialize under the current form of unregulated globalization.

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This is a crippling view if we bow helplessly to it. The promising counter to this view is to recognize the new kinds of power residing elsewhere than in the world's richest 7 countries.

First of all, it is a power that is partly based on the growing technical competence of our politicians, diplomats and public officials to engage global data and use improved negotiating skills in defence of the interests of Caribbean states.

Secondly, there is the clear evidence, provided by World Bank statistics, that the consumers of world production are now developing and emergent countries and that their share of global consumption is steadily growing.

Thirdly**, modest successes are already being achieved by new coalitions of countries in major trading arenas. As we untie ourselves against protectionism and become early global competitors in the contemporary age our prospects will brighten.**

Fourthly**, and finally, there is the negative power not to service the principal and interest on our debt to overseas banks and institutions. A related aspect is the overproduction by, and under-consumption of, rich countries' goods and services. This means a great deal of G7 capital is tied up in these. Both situations provide the opportunity for mild leverage. These two aspects help to offer the hope that in the non-military arenas, other countries may be able to successfully balance against USA's selfish interests.**

Financial crises and surges in private capital markets in corporate globalisation and the growing power of Developing and Emergent countries

According to the World Bank, by the year 2010 developing and emerging countries will account for 56 per cent of global consumption and 57 per cent of global capital formation.

Developing countries as a group are still generally projected to grow at roughly double the rate of the industrial world during the coming decade.

As it stands now financial power, seems to be in the hands of private companies and institutions of rich countries who control 85 per cent of financial flows to developing countries, concentrate 95 per cent of it in just 26 countries in 1996 (not necessarily developing countries), and in its fickle nature is generating financial crises in what should have been in unlikely countries.

The current international monetary and financial system is severely flawed, tortuously slow, insufficiently participatory, overly influenced by powerful lobbies from the financial sector, and constrained by jurisdictional ambiguities and turf struggles. The net result is that they act as fire brigade vehicles, with their drivers feverishly running from one crisis to the next putting out fires but saving few countries.

Effective global macroeconomic and financial management is far more important to overall output, employment, and development than any individual national-level action or, for that matter, any change in the trade regime. Exchange rate changes and misalignments can and do easily swamp trade policies in the short- to medium-run. It is therefore critically important to get the central macroeconomic financial institutions for the globalized economy working on the bases of equity, justice and fairness for all countries and parties involved.

Developing and emergent countries are building into an awesome presence in the global economy and if, and this is quite an assumption, they can coordinate their approach to the richest countries on critical issues in a sustained way to achieve objectives, they will be able to wield considerable power.

This is just an opening salvo in what must become an everyday awareness of Caribbean governments and diplomats as they go about the world to do business in our interest and for our material and spiritual benefit.

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