# Observer Daily Summary, Tuesday May 3, 2005

**New world, new realities**
**Opening session, 3 May 2005**

# Keynote Address

**Martin Jahn**, Deputy Prime Minister, Czech Republic

**Moderator: Constance A. Morella**, Ambassador of the United States to the OECD

It is now ten years since the Czech Republic joined the OECD, an occasion that merits a special celebration in the opinion of **Constance A. Morella**, ambassador of the United States to the OECD. In 1995, the ambassador recalls, the country became the first former communist country to join the organisation, a step that symbolised the opening up of a new post-Cold War era. Now, helping to lead this young, dynamic country, is "a young dynamic leader", deputy prime minister, Martin Jahn, who the ambassador believes has the vigour, enthusiasm and talent required to help move his country ahead. A leader who was just 25 in 1995, but who has since built a brilliant reputation as a promoter of freedom and economic competitiveness.

**Mr Jahn** acknowledges that OECD membership marked a major step in his country's transition to a free-market economy, a transition that culminated with full accession to the EU in 2004. But, Mr Jahn cautioned, the EU itself is still far from being a free market, and that its competitiveness is under threat as a result. He outlined three main challenges facing the union: first, the need for further economic liberalisation, particularly in labour and service markets; second, the need to avoid setting unilateral and unrealistic targets for environmental protection; and third, the need to implement the recently-revised objectives of the Lisbon Agenda, and particularly the goals of boosting research & development and cutting bureaucracy for business and firms.

Mr Jahn qualified Europe's pension, healthcare and labour protection systems as "unsustainable"; "it is not a question of giving up, but of changing the model... The world is changing, and it is vital for Europe to change in response…We must try to imagine the unimaginable; who 15 years ago, in May 1989, would have imagined an EU of 25 members, New York without the World Trade Centre, IBM's manufacturing activities sold to a semi-state Chinese company, or the biggest computer company in the world (Dell) outsourcing 40% of its components to China?…It is vital to complete the single market, eliminate artificial barriers between old and new members, and implement the Lisbon strategy".

A questioner from the floor wondered how Europe can garner popular support for the Lisbon strategy, which is widely perceived as a neo-liberal agenda (see also, Monday 2 May session notes: Europe's Economy: Which way to Lisbon?). Mr Jahn believes that this problem affects mainly the older EU members, who tend to focus on the short-term losses of reform rather than the long-term gains. But newer members, who want to participate in the construction of a new global power, are more amenable to reform, which is associated with progress.

Asked whether the EU can forge a common foreign policy, Mr Jahn stressed that a common trade policy should be given priority. "Recent developments in the textile sector show that the EU is stronger globally when it is united on trade". Mr Jahn expressed his disappointment about the recent reform of the EU's Growth and Stability Pact, although the revised fiscal framework need not be harmful: "If used wisely, the Pact can still be good for Europe; if used unwisely, it could undermine the stability of Europe at a critical moment, just when the euro is asserting its position as a global currency".

Summing up, Mr Jahn said he was not too concerned about European competitiveness in the immediate future, but rather over a 15 year horizon. "Europe needs a sense of urgency: if not,

some processes could become irreversible…I don’t want to live in a time when Asia is providing aid to Europe”. Which led Ambassador Morella to sum up Mr Jahn’s spirited intervention with a quote from Shakespeare: “The force of his own merit makes his way”.



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**The global medium and the message**
**Morning, Tuesday, 3 May 2005**

# Shaping Public Opinion on Globalisation and Development: Role of the Media

**Moderator: Olivier Chaduteau** , Managing Partner, Day One, France

**Panel: Thierry Guerrier**, Deputy Director, France Info (national 24 news radio station); **Jan Lund**, Foreign Policy Editor, Morgenavisen Jyllands-Posten, Denmark; **Ibrahim Seaga Shaw**, Correspondent in France for Africa Week Magazine, UK.

In the increasingly globalised world where people have instant access to countless sources of information, how do we define the goals and responsibilities of any individual media outlet? In this brief session on the state of the media and how it shapes (or fails to shape) perceptions of globalisation, moderator **Olivier Chaduteau** opened by asking the three panellists if they perceived a serious crisis in the media.

"I don't see a crisis," responded **Jan Lund**, who instead preferred to look at the increase in media channels and the ever-growing importance of the Internet as new challenges. "Our big challenge is credibility – people won't listen to you unless you're telling them the truth. And if you're not, they'll find it just a mouse-click away." Mr Lund attributed the fall of the Iron Curtain to television, explaining that the media in the Soviet bloc could no longer hide or manipulate the truth once the people had access to Western television. "It was no longer possible to lie to them."

"On the whole I tend to be optimistic," said **Thierry Guerrier**, who preferring to describe the current state of the media as a "mutation" rather than a "media crisis". He characterised today's listeners as demanding sceptics. "When the demand for coverage of the growing supply of news – like terrorist crises – isn't met by the media, the listeners become sceptical, and they go elsewhere", he said.

**Ibrahim Seaga Shaw**, who clearly felt that the media was not doing enough, sided with these demanding audiences. "Globalisation has helped the media, but the media aren't working hard enough to give explanations," said Mr. Shaw. "There has been less and less interpretation of news." As an example, he cited the media's lack of political context when reporting on poverty in Africa. "No one mentions the lack of free trade between Africa and Europe."

This turned the focus of the debate onto the educational role of the media. Mr Lund did not think it was possible for today's media to educate its audiences. "In this new world we communicate more than ever, but we've lost the monopoly on news", he said. "We have to be more informative, not educational," he insisted. "You can't make the reader stay because they can go somewhere else."

Mr. Lund agreed with Mr. Chaduteau's question of whether readers, with news resources available from around the world, could educate themselves. "Yes, they find out what they need or want to know. We can't shove it down their throats, so we have short stories and also more in-depth stories. But it's harder today to shape public opinion."

This viewpoint was challenged from the floor. "The media needs to raise issues and define the agenda," and while the media are not training institutes, the way which the media defines problems is "fundamental".

“I agree,” countered Mr Lund, “but from a European perspective, we no longer have monopolies–there are no more State-run newspapers or TV stations. People want ‘news you can use’,” he summed up with a decidedly commercial touch.

Mr Guerrier took a more middle-of-the-road stance, saying that in radio they try to give the listeners more clues. He described his radio station as “an agent in decision-making”, so forcing them to have to explain things. “We know the competition is international with the web, for better or worse, and so there’s a need for vigour and vitality and an increase in the number of sources of information.” Mr. Guerrier stated that France Info regularly sent their own journalists to places like Brazil or Togo to cover stories first-hand, something that not all stations did.

Mr Chaduteau picked up on the theme of independent reporting, or rather a lack thereof. “Media tend to move together at the same time on the same stories, without analysis,” he said, giving as an example the stereotypically negative stories on Africa that tend to focus too heavily on the negative aspects, such as AIDS and conflict.

Mr Shaw challenged the other panellists, stating that “journalists have the power to set the agenda, not just the readers.” He said that it’s not enough to say “Where, when, what happened,” that journalists also need to say “why”. “It’s not enough to show images that provoke people to send aid,” he insisted, “but to educate the readers and give the news context.”

Mr Guerrier summed up by declaring that while the media had work to do, perspective was needed. “Feelings and emotions are key to way we present news and how we provide accounts of events,” he concluded.



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## "Good trade policy saves lives"

# Keynote address

### Morning, Tuesday 3 May 2005

**Moderator: Donald J. Johnston**, Secretary-General, OECD

**Panel: Göran Persson**, Prime Minister of Sweden;

**Thierry Breton**, Minister for the Economy, Finance and Industry, France.

Trade policy could be our most efficient tool for reaching the United Nations' Millennium Development Goals, said **Göran Persson**, prime minister of Sweden, in this keynote address on the second day of the 2005 OECD Forum. The prime minister said that integrating developing countries fully into the world economy will help us approach the all-important goal of cutting poverty in half, and he emphasised what he called an obvious connection between trade and prosperity.

"Good trade policy can save lives," Mr Persson said, as he presented what OECD Secretary-General Donald J. Johnston called a "rare balance sheet of globalisation", highlighting assets and liabilities side by side that set the stage for further discussions to take place, notably at the OECD's ministerial meeting starting the same day, which Mr Persson would chair (see www.oecd.org/mcm2005).

The questions Mr Persson raised drew on both sides of that balance sheet: "How do we meet the global energy needs and tackle climate change at the same time? How can trade and investment best contribute to fighting poverty? How can we make the transition to a more sustainable development while fueling the economy? And how can an open economy that uses the potential of globalisation be combined with domestic policies to ensure that no one is left behind?"

In a time when global progress is a real possibility, he said, the world, especially the richer OECD countries cannot afford to be complacent. "Human progress should be measured not by the achievements of the most privileged, but by the conditions under which the poorest throughout the world are forced to live," Mr Persson said. "Our task is to make globalisation inclusive."

Mr Persson referred to a new OECD study that pointed to the importance of domestic policies for managing the rapid changes that globalisation brings. "For society as a whole, the shift of labour into new, more productive areas is of great benefit. But for individuals, these changes can carry great costs", the prime minister warned. Adjusting to the realities of globalisation was a challenge, albeit one that offered opportunities. "It is about facilitating change for the individual- to build bridges from the old to the new, from the shrinking sectors to the innovative, from the stagnating to the vibrant and growing," he said.

Nor was globalisation about markets alone: "In a rapidly changing economy, life-long education, a strong social security system and active labour market policies are key assets" the prime minister stressed, and these underpinned the successful performances of the Nordic economies.

In response to two pointed audience questions on Africa, Mr Persson said that everyone realises the need to get aid to Africa, specifically through economic support and trade. He stressed the importance of having a fair trade regime for Africa and the building of proper institutions to support it. "We must focus on the future, raise funds, make trade possible and try to build something new," he said.

Although agreeing that free trade is very important, French Minister for the Economy, Finance and Industry **Thierry Breton** said that integrating poorer countries into world trade would not be easy, nor was it the only answer. Mr Breton, whom the OECD secretary-general introduced as a man of many achievements, including in business, pointed out that many countries have fallen into trade traps, with some negative effects, particularly in sub-Saharan Africa.

Mr Breton said that France is working to close its gap in official development assistance (ODA) from the current 0.42% of national income to the UN recommended 0.7%. But he commented that ODA is a relatively insignificant form of development funding. France is promoting more innovative measures to supply help.

Mr Breton referred to an international tax on airline tickets and fuel proposed by France and Germany earlier this year that would be leveraged to raise funds for the fight against HIV/AIDS. To get more creative ideas flowing, the minister said that talks between finance ministers under the auspices of the UN will elaborate on further ideas at the end of June.

Both France and Sweden agreed that globalisation was a reality which had to be harnessed and that R&D was an important way forward in helping countries face the challenges of globalisation. Mr Perssons said Sweden spends 4% of GDP on R&D, a figure that impressed Mr Breton, who explained that France is trying to raise its spending from the current 2.2% to 3% of GDP by 2010. The gap will be filled mostly in changing attitudes in the private sector, along with building an attractive tax environment for businesses to become more willing to innovate and explore new technologies.

**A full text of Mr Persson's address is available under "Daily summaries and speeches" at www.oecd.org/forum2005.**



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**Good company**
**Morning, Tuesday, 3 May 2005**

# Corporate Social Responsibility

**Moderator: Alison Maitland**, Management Writer, Financial Times.

**Panel: Yves-Thibault de Silguy**, Senior Executive Vice-President, SUEZ;

**Giovanni Daverio**, General Director, Family, Social Affairs and Corporate Responsibility, Ministry of Labour and Social Affairs, Italy;

**Patricia Feeney**, Executive Director, Rights and Accountability in Development, United Kingdom;

**Thomas Östros**, Minister of Industry and Trade, Sweden; Fritz Verzetnisch, President, ÖGB - Austrian Federation of Trade Unions

Business behaviour is improving, but there is much to be done, was the key message at this lively debate. The assessment is clear, and cautiously optimistic. Corner-cutting on social, environmental, and ethical standards - especially in the developing world - has unfortunately been one way multinational companies have traditionally tried to get ahead of the competition. But today the ideals of sustainable development and corporate responsibility are slowly imposing themselves, at the very least on the discourse level. And disseminating these principles through communication, pressure, and "name and blame" tactics, such as those occasionally espoused by organisations like the OECD, has helped their advance towards becoming societal norms.

Is this approach tough enough? As **Thomas Östros**, Sweden's Minister of Industry and Trade pointed out, attempting to introduce corporate social responsibility into international law, for instance, would be at best a sluggish process - and could open the door to protectionism. Better then, a non-judicial approach. The OECD guidelines for multinational enterprises go beyond discourse-they were designed to be a common reference point for consensus-building between employers, employees and governments. Among the tools for developing a culture of corporate social responsibility (CSR), they are a benchmark to which stakeholders the world over can refer.

Self-declared free trade advocate Minister Östros thought however that the OECD guidelines should be strengthened, by building in stronger solidarity with developing countries, for instance. While he recognised that wages and labour regulation vary across the globe, certain standards-such as the right to organise, and the prohibition of extreme forms of child labour-are universal and cannot be lowered. "ILO core standards are good guidelines," he said, "but rules and wages have to be adapted to local customs." And on the domestic level, CSR means "having measures so people feel safe as we restructure our economies."

**Yves-Thibault de Silguy**, Senior Executive Vice-President of SUEZ said his company's reputation was based on the public's perception of how it handles sustainable development and CSR. "Economic, environmental, social, and ethical concerns are all essential elements of today's corporate culture," he said, adding that "while the need for CSR is universal, solutions are local." He stressed the need for private-public partnership to advance the agenda, using his SUEZ's projects in France as an example.

Keeping in step with Mr de Silguy's emphasis on domestic concerns, **Giovanni Daverio** of the Italian labour and social affairs ministry said that his country had taken steps to address CSR issues for small and medium enterprises (SME). To avoid government expenditure increases, the Italian plan promotes self assessment, while encouraging SMEs to adopt cost-free CSR policies communicated via local chambers of commerce. In order to do this, Mr Daverio calls

for "developing more parameters to assess company performance - namely indicators." His ministry has been working with the University of Milan to develop such CSR indicators to rate companies' performance. "Companies should be able to praise themselves for what they've done regarding CSR," he said.

But CSR is more than just a domestic issue. **Fritz Verzetnisch**, President of the Austrian Federation of Trade Unions, reminded the panel of this. He said that one way to work towards CSR is by promoting the same labour standards worldwide. "We must work toward improving compliance with OECD guidelines, and peer pressure is not enough," he said. "Governments should make compliance a requirement for access to export credits, and we should also tackle the issue globally by addressing the supply chain."

The OECD MNE guidelines were drawn up with exactly this global level in mind, and **Patricia Feeney**, Executive Director of the UK's Rights and Accountability in Development brought them back to the forefront of discussion. She described the guidelines as a useful benchmark because they: 1) are very broad; 2) engage 70% of countries involved in foreign direct investment; 3) are backed by governments; 4) contain complaint mechanisms; and 5) are good for finding boundaries. But a lack of human rights provisions in the guidelines is a drawback, Ms Feeney said, especially with regard to investment guidelines for conflict zones. As far as naming and blaming is concerned, Ms Feeney took a moment to list some of the countries that are best in tune with the guidelines: the Netherlands, Sweden, Australia, and Chile. Among the worst, in her view, was the US. In general, the MNE guidelines' network of national contact points (NCP) was making significant progress because these help in changing company behaviour, Ms Feeney said, though the process should be further developed to better deal with the waves of corporate lawyers it confronts when arbitrating a case.



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**Information world**
**Morning, Tuesday, 3 May 2005**

# Development and information technology

**Moderator: Tor Tolstrup** , Commentator, Morgenavisen Jyllands-Posten, Denmark
**Panel:Jean-Philippe Courtois**, CEO of Microsoft Europe, Middle East and Africa;
**William J. Drake**, President of Computer Professionals for Social Responsibility;
**Mody Guiro**, Secretary-General of the Senegal National Confederation of Workers, Senegal;
**Montasser Ouaili,** Minister of Communication Technologies, Tunisia;
**L. Martin van der Mandele**, President of Rand Europe

Remember the digital divide? Since the e-bubble burst and with leading minds now focused on the likes of trade, energy and climate change, public debate about the haves and haves-not in technology has diminished. But has the divide?

Not according to participants in this 2005 OECD Forum panel. Information and communications technology (IT, or ICT) can eliminate the constraints of distance and remoteness and spread knowledge, data, images and sounds instantly around the world. Yet many in developing countries and elsewhere still fear that the IT revolution will widen the yawning gap between rich and poor.

How can IT drive development instead of aggravating inequalities? What can business do to boost the deployment of such technologies throughout the developing world? And what is the proper role of governments and intergovernmental organisations in this complex and rapidly-moving sector?

According to **L. Martin van der Mandele** , President of Rand Europe, IT is already a great enabler of progress in developing and emerging countries. He pointed in particular to the use of advanced mobile telephony including broadband connections which could allow access to the internet without having to install fixed links to homes. "Four major multinationals are investing in this sector in Africa, and one company alone is pouring in $750 million. The capital is available", Mr der Mandele asserted. "There really is no digital divide; if a divide exists at all, it is a generational one."

Speaking about the business contribution, **Jean-Philippe Courtois,** CEO of Microsoft Europe, Middle East and Africa, stressed the importance of adopting a long-term stance. By way of example he cited Microsoft's partnership approach that involved delivering innovative solutions, fostering economic development and public-private initiatives, building local capabilities, and facilitating trust and predictability. Specific instances included producing a mobile refugee registration kit during the Kosovo crisis, helping local vendors in developing countries to promote their turn-key solutions and establishing a training platform for local IT industries in the Middle East.

By way of contrast, **Mody Guiro** , secretary-general of the Senegal National Confederation of Workers, considered that the burgeoning information and communications revolution was lending ever greater emphasis to existing inequalities. "How can you talk about developing ICT in a country where half the population is illiterate," he asked rhetorically? Moreover, he felt that by underpinning delocalisation strategies the new technologies were encouraging businesses to act like 19th century capitalists, only this time towards workers using their brains rather than their muscles. At the same time education and culture were being turned into global marketable products.

Mr Guiro acknowledged nonetheless that these developments could not be rolled back. "We need to engage in dialogue about how to manage this revolution and how to set up appropriate structures and fight against exclusion," he declared.

Moderator **Tor Tolstrup** , believed that while IT could highlight the gap between rich and poor, it also had a key role to play in growth and development.

**Montasser Ouaili** , Minister of Communication Technologies, Tunisia, illustrated how wide the gap still was by noting that 96% of internet servers were located in industrialised countries that represented a mere 16% of total world population, and that in some developed countries half the population was connected to the internet, whereas in Africa only one citizen out of every 250 enjoyed such a connection. In this context industrialised countries and multinational corporations could and should play a major role to ensure the inclusion of the developing world in the benefits of IT. This was to the advantage of everyone.

So far as the overall role of governments and intergovernmental organisations was concerned, **L. Martin van der Mandele** believed that they could contribute most positively by helping to develop competencies, enabling entrepreneurship and limiting their regulatory intervention to a few necessary items such as protection of intellectual property rights, privacy and internet abuse. At the same time, **William J. Drake** , president of Computer Professionals for Social Responsibility, emphasised the importance of IT and internet governance for developing countries.

"If you read some of the press reports you will get the impression that the UN is trying to take over the internet, but this is not what is really going on," Mr Drake said. He went on to explain that governments in many developing countries were concerned because they felt that they were not allowed to participate adequately in discussions about governance arrangements, and that decisions were made by industrialised country governments and the global private sector without attention being paid to their interests.

"North-South divisions on internet governance produced a stalemate that almost wrecked the first phase of the World Summit on the Information Society (WSIS)," Mr Drake continued. (More on the summit which was held in Geneva at the end of 2003 can be found at www.oecdobserver.org, search word "WSIS"). A working party has been established to overcome this deadlock, and it now seems likely that a new forum will be established to address IT governance on a broader basis, and that proposals will be brought forward to replace the US-based ICANN (Internet Corporation for Assigned Names and Numbers) with a new body that includes enhanced government representation. "Intense discussions still lie ahead," Mr Drake assured his audience.



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**No silver bullets**
**Morning, Tuesday, 3 May 2005**

# Climate Change and Energy

**Moderator: Spencer Reiss,** Contributing Editor, Wired Magazine, United States
**Panel: Mohammad Al Sabban**, Senior Economic Advisor to the Minister of Petroleum and Mineral Resource, Saudi Arabia;
**Corrado Clini**, Director General, Ministry For Environment And Territory, Italy;
**Eystein Gjelsvik**, Deputy Head, Economic & Social Affairs Department, Norwegian Confederation Of Trade Unions;
**Lars G. Josefsson**, CEO, Vattenfall Ab, Sweden

"There are no silver bullets in this game" **Lars G. Josefsson** stated as five energy industry insiders tackled the topic of Climate Change and Energy at the 2005 OECD Forum. There was general agreement that, despite the implementation of the Kyoto protocol, efforts to combat climate change were running well behind schedule.

With total global emissions of greenhouse gases amounting to 37 billion tonnes of carbon dioxide equivalents in 2000, no one is denying that climate change is an imminent and serious concern. But views differ on how to best combat this escalating problem, though the panel agreed that the Kyoto protocol, which came into effect in February 2005, is only a minor step in the right direction. **Corrado Clini** said that the ambitious target of reducing greenhouse gas emissions by more than 5% by 2012 will be infeasible if the present situation continues.

A major problem facing those championing cleaner fuel is that of supply, which the panel believed would be insufficient to meet global demand. But at the same time, this rise in demand for oil, specifically by the developing world, is escalating the debate over alternative energy sources. Mounting demand from China and India, the two most populous nations in the world, is causing particular concern. Oil took center-stage in today's panel in light of surging prices. On the one hand, as highlighted by **Eystein Gjelsvik**, higher prices can benefit the battle against climate change as renewable sources of energy become increasingly competitive. On the downside, however, the scenario can also serve to renew interest in coal, a major source of CO2 emissions.

Mr Gjelsvik also expressed the need for a long-term strategy where energy efficiency, clean coal plants, renewable sources of energy – including natural gas – and combined heat and power plants would all be keys to reducing CO2 emissions.

From the floor **Cédric Philibert**, an expert from the IEA, a sister organisation of the OECD, echoed these sentiments, saying energy efficiency, renewable nuclear energy, fossil fuels with CO2 storage and fuel switching are all part of the solution.

The prime concern of the panel's only representative from the oil production side, **Mohammad Al Sabban** was the inequality of fossil fuel taxation. He mentioned that a number of countries have imposed hefty taxes on oil, in an effort to curb greenhouse gas emissions, but coal remains subsidised. He asked that taxation of fossil fuels should reflect the real carbon content of the fuel. Mr Al Sabban expressed fear that oil exporting countries will suffer massive losses as a result of the implications of the Kyoto protocol.

Another questioner from the floor demanded to know what the revenues of these taxes were actually used for. **Corrado Clini** promptly responded that Italy, which introduced a carbon tax in 1999, is currently financing some 120 projects in the developing world with its tax revenues. There was general agreement among the members of the panel that technology will be crucial in generating cleaner energy in the future. Mr Josefsson urged that "we must be

open to all technological progress". He emphasised that it is time for the business community to take a stand, saying that the issue of climate change had been left to politicians and NGOs for far to long. Mr. Josefsson underscored that the business community is in a position to contribute essential experience and know-how in the race to find and implement sustainable, environmentally-friendly energy sources.

He mentioned that technology for burning fossil fuels without emitting CO2 technology already exists, but that there is a need for more investment and development for this technology to become internationally viable. The way to finance this, he said, is not necessarily through taxing the emissions, but by setting up a global system for emissions trading. He added that "we must do all we can to set the correct price on emissions and pricing must be as global as possible". Mr Josefsson emphasised three issues that must be taken into consideration when evaluating the great battle against climate change. First, that we must all accept that climate change is taking place, second that there are no quick solutions, and third, that we must all take responsibility.

Mr Gjelsvik added that the cost of reducing emissions varies from country to country, and that it is essential that richer countries take more of the financial burden. He also said that advancing technology may lead to job losses, and that there is an attendant need for good labour market policies to counter any ill-effects of such a trend. He called for broader international cooperation, saying that the Kyoto protocol was a good starting point. Mr Clini also advocated a global approach, rather than efforts to solve the problem on a country-by-country basis. He championed the WTO as a driving force behind such efforts. The two final comments supported this view: Mr Josefsson reprimanded that "we need to stop this game of who's going to lose and who is going to win", and Mr Al Sabban said "we are not here to place blame or point fingers … but to work together".



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**Beyond the third way**
**Lunchtime, Tuesday, 3 May 2005**

# Special session by E-Reflexion: The Future of Socially Responsible Investing

**Moderator: Francis Mathieu,** President E-Reflexion

**Speaker: Samuel Rouvillois,** Philosopher and Theologian

Lunchtime sessions at the OECD Forum always draw a crowd for their challenging and original themes, and 2005 was no exception.

How can we give the international economy a human face? Can business logic ever really be human friendly? And is the state the answer? To take on questions like these and to encourage some fresh thinking on globalisation and investment, French university students created the *E-reflexion* group in 1999. The association holds speaking events in the Paris area twice a month to discuss and reflect on these issues. "We are interested in creating an economic environment that respects the individual," said association president **Francis Mathieu** .

The group organised this special session at the OECD Forum with **Samuel Rouvillois**, a philosopher and theologian, who has written books on humanity in the workplace.

The son of a senior civil servant, Mr Rouvillois's position as a member of the Congregation of Saint John's Brothers was demonstrated by his dress: a traditional monk's habit. Mr Rouvillois was also named one of the world's 100 *Global leaders for tomorrow* at the 2001 Davos Economic Forum.

For many people in business, establishing a humane company or economy is less about religion than about Socially Responsible Investing (SRI). Though the rage today, this is in fact a movement with a long tradition. Ancient Jewish laws, for instance, gave directives on how to invest according to ethical principles. In the 18th century, Christian Quakers practised a form of SRI to support their priorities of social justice and non-violence.

"It used to be that SRI funds would exclude certain companies, based on that company's behaviour," said Mr Mathieu. "But an approach that rates companies from best to worst ethical performer has become more popular." Ethical rating agencies such as Italy's Avanzi SRI Research, Holland's Dutch Sustainability Research and France's Vigeo analyse corporate behaviour and hand out good or bad ethical marks to companies.

Though Mr Rouvillois understands that establishing a company's ethical credibility is important, it can be tricky, and there are limits to the ratings approach. "Companies tend to boast about their ethical behaviour by putting forward the specific areas in which they are effective, rather than presenting a complete picture of their social actions," he said.

Evaluating the end result of a company's presence in a community–its true value–is also challenging because economic activity tends to produce both negative and positive effects. "But what is the sum of this equation? Does the positive even out the negative?"

1. Mr Rouvillois added that people interested in investing responsibly have to accept the shortcomings of ethical rating the way it is practised today. Social responsible investing should move beyond a system of good and bad marks. Rather, the best way to encourage humane corporate behaviour, two parallel forces should be harnessed. Employee shareholding – Employees who own stock in their employee know better than anyone how socially responsible the company's behaviour is.

2. Consumer pressure on ethical issues – When consumers pressure companies into behaving ethically, firms tend to give in to the pressure of their customers.

And to make globalisation work for all, a third innovation should be encouraged in parallel with these: Microcredit – The practice of providing very small loans to the poorest of the poor so that they can start micro-businesses has been proven to work and it provides an alternative to the current "big scale" capitalist model.

Nor was Mr Rouvillois painting a socialist view of the world. Indeed, just as one person's freedom might deny another person theirs or indeed interfere with collective rights, so socialising rights tended to deny individual freedoms as they become ensnared in political interests. Finding another way demanded fresh thinking and maybe some new models if we are to develop a globalisation with a human face.



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**The "Crime of the century"?**
**Early Afternoon, Tuesday, 3 May 2005**

# Combating Counterfeiting

**Moderator: Stephen Pollard,** Health Programme Director, Centre for the New Europe
**Panel: Jeffrey B. Kindler,** Vice-Chairman, Pfizer;
**Kunio Mikuriya**, Deputy Secretary-General, World Customs Organization*;
**Jim Thomson**, CEO, The Centre for Mental Health*, UK;
**Paul Vandoren**, Director ad interim, Directorate General for Trade, European Commission*.

The four panellists of the Combating Counterfeiting session, although representing completely different interests, presented a united front against all forms of counterfeiting and piracy. Speaking for industry, consumer, regulatory bodies and enforcement sectors, the panellists presented what they hoped would be an open-and-shut case: counterfeiting is not a victimless crime, and we are all potential victims. They focused on three major areas : personal safety, public safety and economic development.

When it comes to getting the consumer's attention on the dangers of counterfeiting, the panellists focused on personal safety. Representing consumer interests, **Jim Thomson** opened with a passionate call for action: "We should leave this place committed to 'doing' something," he said, citing as his inspiration the Nigerian Dora Akunyili, who successfully fought against counterfeit pharmaceuticals in her country after her sister became a victim. Counterfeit medicines are a particular problem. "How do we know what we're taking and who do we turn to when the side effects kick in or the medicine doesn't work?" he asked. "Who does a person managing their epilepsy turn to when, because they are unwittingly taking a fake, they have a seizure at work, and lose their job, their driving license, or worse?"

He described in dramatic detail the ease with which anyone with a credit card could purchase unlimited quantities of prescription drugs over the Internet without a prescription, including methadone and rohypnol, which is illegal in the US though not in Europe or Mexico. Moving slightly off-topic to criticise leniency on self-medication in some countries (which Mr Thomson believes leads to unregulated use, often unwittingly, of counterfeit drugs), he tells the audience about the death of a young man in the UK who died after trying to treat himself for schizophrenia with medications purchased on the internet.

**Jeff Kindler** , representing pharmaceutical producers, also pointed out the dangers that every consumer faced from counterfeit goods such as shampoos, razors, batteries, baby formula, auto parts, electronics, and, of course, medicines. "Not benefiting from the full advantages of genuine products may be the least that consumers have to worry about," warned Mr. Kindler. "As documented reports have shown, consumers have a great deal more to worry about from products that are unsafe by any standards."

Mr Thomson argued that consumer use of counterfeit good in affluent countries is due to "stigma", the fact that many people prefer to buy some of their medications anonymously (particularly Viagra or anti-depressants). Mr. Kindler attributes technological advances such as the Internet as "extraordinary conduits in allowing counterfeiters to flourish and ply their trade." Consumers in developing countries typically don't have a choice, says Mr. Kindler. "Counterfeit goods may be all that's available," he said, citing a recent WHO survey of seven African countries which revealed that "20%-90% of anti-malarial drugs failed quality testing".

Several of the panellists brought up broader public safety issues, such as the increased involvement of criminal organisations in the trafficking of counterfeit goods. "This is not surprising considering the particularly lucrative nature and the low risk involved when compared to other criminal activities," said **Paul Vandoren** , representing European trade

interests. “The scale of the problem and values at stake make fighting against piracy and counterfeiting as complex to tackle as drug trafficking or money laundering.”

**Kunio Mikuriya** of the World Customs Organization agreed with this comparison, saying that counterfeiters used the same exact techniques and routings to distribute their goods. He even went as far as to declare counterfeiting “the crime of the century”. Criminal organisations frequently re-invest “dirty money” to produce and purchase counterfeits for money laundering purposes, **Mr Mikuriya** said, adding that Interpol had revealed the growing evidence that the proceeds of intellectual property right (IPR) infringement were used to fund terrorist groups,

According to a WCO estimate in 2004, 7% of the world merchandise trade–over $500 billion–might have been fake. “There has been a significant shift in the nature of IPR-infringement goods in the 1990s from luxury goods to a range of mass-produced commodities for everyday consumption like cosmetics, electronics, cigarettes, and toys,” said Mr Mikuriya. . Faced with these challenges, customs administrations are working hard to establish and improve their own national legal frameworks, and his own WCO had developed model legislation that incorporates best practice around the world, in collaboration with the private sector.

Mr Kindler pointed out that “counterfeiters can make knock-off goods more cheaply than innovators and manufacturers can, with no R&D, marketing or advertising costs.” He also describes the way that counterfeiters cheat governments out of tax revenues, discourage foreign investment and innovation in developing countries, and threaten the growing role of IPR in developed economies. The OECD has just announced that it will be updating its 1998 study on the economic impact of counterfeiting across different industries on business, consumers, and governments. (see www.oecd.org/sti)

While the panel were at one, the floor offered some dissent. A questioner argued that the panel had made three assumptions: that there was always a question of safety, that all counterfeits are worse than the originals, and that when safety or quality weren’t issues, why was there still so much counterfeiting? “Because it’s profitable,” he began, “but consumers also buy these because prices are too high and they have no choice. And what about when the consumers prefer fakes?”

All of the panellists failed to find any good sides to counterfeiting, however. “Counterfeiters have to copy an original idea, and that discourages growth and innovation,” said Mr. Kindler, while for Mr. Vandoren, beyond any quality or safety issue, “it’s the idea that has been stolen,” whether a drug or a Louis Vuitton bag. Another participant in the audience suggested that an umbrella organisation should be set up to fight counterfeiting, funded by taxes from the private sector, but the panellists agreed that the two most important steps to start combating piracy and counterfeiting are to raise awareness of the problem among governments and consumers, and to increase cooperation between the public and private sectors. They plan on focusing on – but not targeting – counterfeit-producing countries like Russia, India, Ukraine and China (which accounts for the manufacturing of two thirds of all counterfeit goods, the panel said), and to draw close attention to the results of the forthcoming OECD study. The biggest challenge will be whether any decisions can be carried out effectively.

Mr Kindler summed it up, saying that there were encouraging signs from many governments with the adoption of International Patent Laws, but warned the audience that while “legislation is easy”, enforcement is another matter.

*Speeches available at www.oecd.org/forum2005



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**Two sides of the global equation**
**Early afternoon, 3 May 2005**

# Globalisation, Outsourcing and Structural Adjustment

**Moderator: Jean-Marc Vittori**, Editorial Writer, Les Échos, France

**Panel: Carl Bennet**, Chairman of the Board, Getinge AB, Sweden; **Jagdish Bhagwati**, Professor of Economics, Columbia University, United States; **Tain-Jy Chen**, President, Chung-Hua Institution for Economic Research, Chinese Taipei; **John J. Sweeney**, President, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO); **Karien van Gennip**, Minister for Foreign Trade, Netherlands

Judged the "hottest topic of the year" by moderator **Jean-Marc Vittori**, globalisation and outsourcing have emerged as a source of great public uncertainty in the developed world. "So what is globalisation really good for?" asked Mr Vittori, "and what do we do to get the best, and not the worst from it?"

**Jagdish Bhagwati**, Professor of Economics, Columbia University, made an impassioned defence of globalisation, and sought to dedramatise public anxieties. Outsourcing is not new, he insisted, but has long been a feature of the manufactured goods sector. What is new is that it has spread to previously non-traded sectors, namely services, and is now hitting the middle classes as well as the working classes. "When a New York restaurant buys Brie cheese from a French farm, that is outsourcing, but nobody complains".

Mr Bhagwati turned to the data for backup. The number of jobs leaving the US as a result of outsourcing is running at about 200,000 a year, a tiny proportion of total labour market turnover. Moreover, the US is outsourcing "low-value" services, but it is creating new high-value jobs in services that are being exported to developing markets.

"Fears arise from looking at only one side of the equation", says Mr Bhagwati, although he acknowledges that these fears are real, and must be addressed. For Mr Bhagwati, the answer lies in flexibility and teaching people how to cope with this anxiety. Indeed, Mr Bhagwati optimistically believes this should be easy task for many countries in Western Europe, thanks to their strong educational systems.

**Tain-Jy Chen**, President, Chung-Hua Institution for Economic Research, Chinese Taipei, provided a detailed and fascinating account of the process of industrialisation in his country, which in the space of 30 years has seen both sides of the outsourcing equation. Indeed, the catalyst for Chinese Taipei's industrial development was its status as a favoured destination for outsourcing activities by foreign multinationals; as it built up expertise, outsourcing spread to encompass product design services and logistic services, driving up demand for skilled workers and their wages. As the country prospered, it in turn began to outsource basic manufacturing tasks to mainland China. As a result of this circular process, Chinese Taipei, reversed the traditional "brain drain", and well-paid skilled workers remain at home. Globalisation and outsourcing may have driven up income disparities internally, therefore, but they have also generated a more equitable world at the national level.

**Carl Bennet**, chairman of Getinge AB, also presented a positive view of the forces of globalisation, from the point of view of a Swedish multinational in the healthcare sector with activities spread across the globe. For sure, an urgent need for rethinking and change is needed in Europe, but Mr Bennet sees no need to fear globalisation. Corporations no longer correspond to the image of a factory that transforms raw materials into final products, and are no longer vulnerable to the same shocks as in the past. As competition intensifies, companies will progressively outsource more and more parts of their businesses, but they should not go

bust. The era of large scale destruction of whole industrial sectors is over. Many European companies already prosper in sectors that have largely abandoned manufacturing in Europe, thanks to creative design and management, and many more can do so in the future. But Mr Bennet nonetheless believes that it is essential for Europe to develop its service sector, undertake strategic research, and ensure that knowledge and innovation is made available to small and medium sized companies.

**John J. Sweeney** agreed with some of the comments from the other panelists but saw unfettered globalisation, and "its unruly offspring, outsourcing" as a fundamental threat to decent work and workers' welfare. Indeed, he fears that companies are being drawn into a "race to the bottom" that is driving down wages and eroding basic worker rights, and that this "process must be stopped". He acknowledges that globalisation is here to stay, but that core global labour rights must be guaranteed, in international trade deals, for example. Mr Sweeney cited the example of the 1994 North American Free Trade Agreement (NAFTA), which led to a huge outflow of jobs from Canada and the US and into Mexico. According to Mr Sweeney, these jobs are now leaving Mexico for China: "We have to put a stop to all this….And if believing that is called protectionism, then John Sweeney is a protectionist".

**Karien van Gennip**, Minister for Foreign Trade, Netherlands, provided a renewed and spirited defence of globalisation: "it is not a zero sum game, it has numerous positive effects and it is here to stay". She highlighted the results of a government study in the Netherlands that found no evidence of mass relocation of firms; indeed, just 9,000 jobs have been lost as a direct result of outsourcing, less than 1% of annual job market turnover. These job losses are still painful for the people and communities they affect, the minister added, but can be addressed by good transition management on the part of government. Indeed, governments had a key role to play in helping the adjustment to globalization and had to identify areas for action and change. By ensuring adequate levels of social protection, life-long learning processes, increased labour market flexibility and "aggressive action to improve the business and investment climates", Ms van Gennip believes that European economies can prosper in the era of globalisation.



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**Roll on the millennium?**
**Afternoon, Tuesday, 3 May 2005**

# Beyond the Millennium Development Goals

**Moderator: Didier Pourquery,** Editorial Director, *Metro*, France

**Panel: Michel Clerc,** President, Right to Energy Association, SOS Futur, France*;

**John Evans,** General Secretary, TUAC;

**Susan George**, Vice-President, ATTAC;

**Paula Lehtomäki**, Minister for Foreign Trade and Development, Finland;

**Ami R. Mpungwe,** Deputy Chairman, Namitech East Africa Limited, Tanzania.

The understated tone used in a number of interventions by members of this panel was deceptive, reflecting more a feeling of concern than anything else. The essence of much that was said left a well-attended meeting with a distinct impression that as interim reports go, this one was not very heartening ahead of the official report by the group awaited this summer.

Entitled "Beyond the Millennium Development Goals" this session sought to give a fix on where progress on the goals stood, especially when viewed in the context of what is known as the Helsinki Process on Globalisation and Democracy. This process was created at the initiative of the Finnish government, which **Paula Lehtomäki** represented at this panel, in association with the Tanzanian government in December 2002 at a conference in Helsinki on the problems of global governance and the future of North-South relations.

The main purpose of the Helsinki Process is to search for novel and empowering solutions to problems of global governance through discussion in a forum for open and inclusive dialogue between major stakeholders. The process seeks to promote solution-oriented co-operation between governments, civil society organisations and the corporate sector.

The particular challenge presented by the process is the need to work out innovative and goal-oriented solutions to problems that cannot be satisfactorily solved in the classic, conventional frameworks offered by international institutions and processes because they are essentially problems brought on by globalisation.

The breadth of experience represented by the members of the panel made for interesting discussion, but the implication of much that was said was that the progress of the process was somewhat slow and disappointing. Tanzania's **Ami Mpungwe** commented that the role of the private sector was critical, and observed that in the developed world companies were getting bigger and bigger, while in Africa they were getting weaker and weaker. He said "Africa has been the missing link of the globalisation chain," and called for increased official development assistance as well as partnerships between the public and private sectors.

**Susan George**, a prominent civil society campaigner, said that the Helsinki process had brought together NGOs, civil society and trade unions in an atmosphere of good faith. No less than 189 countries had endorsed the millennium goals, yet many had not yet made firm commitments which led her to refer to "coherence and compliance deficits". Developing countries had huge problems, such as hunger which would not be solved in a hundred years, far beyond the initially foreseen date of 2015 for the end of the Helsinki process. .

She pointed to the contrast between the existence of "tremendous wealth around the world, yet we are incapable of achieving our goals" and called for introduction of measures like a tax on international capital flows (the so-called Tobin tax), as well as the closing down of international tax havens. "We can't live in a cocoon in the North, even if we are well off; the more we can bring people together the quicker we can (solve these problems)" she said.

Union representative **John Evans** said people in the North and South often faced similar problems. For example, workers asked themselves "is globalisation going to get rid of my job?" and clearly belonged on the same side of the negotiating table. Governments had failed to persuade people in the North and the South that they were not fighting for each other's jobs.

Energy specialist **Michel Clerc** called for more coherence in intentions and actions by NGOs, companies and organisations such as the World Bank. He also urged the value of bringing in the private sector to help achieve the Millennium Development Goals because "they have the means, the expertise, and the technology" as well as being able to offer certification and training which would help raise levels of professionalism.

A leitmotiv of concern expressed by Mr Evans, as well as Mr Clerc, related to China, which they felt was not playing the game in terms of being helpful to the development process being tackled by countries in the South. At the end of last year, the Chinese authorities had called off at only ten days' notice an employment seminar jointly organised in China with the OECD. Also, the end of the textile trade agreement within the WTO framework was a major blow to employment in several countries, such as France and Cambodia, panelists argued.

*Speech available



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**Talking up Doha**

# Raising the Ambitions for the Doha Development Agenda

**Afternoon,Tuesday May 3rd, 4:00 p.m.**

**Moderator: Floyd Norris**, Journalist, International Herald Tribune

**Panel: Steve Ruey-Long Chen**, Deputy Minister, Ministry of Economic Affairs, Chinese Taipei

**Alfredo Vicente Chiaradia**, Secretary of Trade and International Economic Relations, Argentina

**Mukhisa Kituyi**, Minister of Trade and Industry, Kenya

**Thomas Östros**, Minister for Industry and Trade, Sweden

**Dipak Patel**, Minister of Commerce, Trade and Industry, Zambia

**Rachid Mohamed Rachid**, Minister of Foreign Trade and Industry, Egypt

**Jim Sutton**, Minister forTrade Negotiations, New Zealand

**Ignacio Walker**, Minister of Foreign Affairs, Chile

Everyone on this key OECD Forum panel voiced support for the Doha Development Agenda (see note*), warning that the trade negotiations have been stalled for far too long and they should resume. "We must urgently restore political momentum," said **Steve Chen**, Deputy Minister of Economic Affairs for Taiwan and one of the eight trade ministers or deputies on the OECD panel. For Mr Chen, World Trade Organization (WTO) members need to strike a balance between member priorities. "We need to step into each other's shoes," he said.

Most members of the panel emphasised that the Doha round needs raise rather than lower its ambitions. "We all have sensitive business sectors, we all have congresses and constituencies," said **Alfredo Vicente Chiaradia**, Secretary of Trade and International Economic Relations for Argentina. "Regardless of our different capabilities, we need to overcome this." For Argentina, the emphasis should be on agriculture because no other business area can have as great an impact on development. One in five people in the world live in extreme poverty. Mr Chiaradia pointed out that two thirds of these people live in rural areas, where farming is the dominant source of income. "A fair and equitable trading system contributes to development much more than aid," he said.

**Mukhisa Kituyi**, Minister of Trade and Industry for Kenya argued that anything that stalls negotiations ahead of the summit planned for December in Hong Kong, simply blurs the development prospects of developing countries. Trade, however, will not solve all the problems of the developing world. Confronting the prickly issue of agriculture will greatly improve the situation of Kenya's rural poor. Mr. Kituyi also expressed frustration with the tendency of negotiators to seek exemptions and derogations rather than tackling trade disagreements head on. "It's a way of avoiding to deal with the issues", he said.

**Jim Sutton**, Minister for Trade Negotiations for New Zealand warned 2006 deadline is looming, noting that "the recent rate of progress will not get us there." He stressed that there are no soft options in this situation and that any minimalist strategy is doomed to fail. "History is waiting and we don't know if we are going to measure up," he warned. "We are going to have to tell our grandchildren that we had the opportunity to pull million of people out of poverty, but we missed that chance because it was politically difficult."

Egypt is very committed to playing an important role in jumpstarting the Doha talks, said **Rachid Mohamed Rachid**, Minister of Foreign Trade and Industry, who also stressed the urgency of an agreement, in particular in the areas of agriculture and services. "We have

wasted precious time," he said, "and there is very little time to waste." Mr Rachid cited trade as a strong catalyst for reform, and underlined that trade - not just development - is the way forward.

**Thomas Östros**, Sweden's Minister for Industry and Trade pointed out that local populations need to be prepared for the changes ahead. "We need a more ambitious policy to see that people feel secure in this structural change," Mr Östros said, namely creating new jobs when old jobs leave the country. Like the other panellists, Mr Östros would like to see trade negotiations made easier. "There is too much money and time spent on complicated trade procedures," he said. "One major problem during negotiations, is that we all seem to fall into a mercantilist view of trade." While he advocated increasing market access, that also means reducing the largest barriers that exist between developing countries, Mr Östros stressed.

For **Dipak Patel**, Minister of Commerce, Trade and Industry for Zambia, in the least developed countries, "there is an apprehension of liberalisation." . He said people in his country are reluctant to believe in the promises of globalisation. These promises have been dangled in front of them for several years and free trade now suffers from a credibility gap as a result. "You cannot tell the poorest countries in the world after 15 years of waiting to believe in globalisation," he reminded the packed audience. "It's just not possible after they've been living off less than a euro a day."

He said his country was pushed into liberalisation and that Zambia was de-industrialised within 10 years as a result. He says entry into other markets is proving to be quite difficult. "A colleague of mine was saying he has market access coming out of his ears, but has no market entry," Mr Patel said.

**Ignacio Walker**, Chile's Minister of Foreign Affairs, approached the topic optimistically. He said there's still time to make a difference before the next round of talks. He argued that small countries like Chile have a lot to gain from multilateral trade agreements. "Small countries need there to be rules to the game, much more than big countries do," Mr Walker said. "Otherwise it would be the law of the jungle."

Chile has already made great efforts to liberalise, signing 14 bilateral free trade agreements and lowering tariff barriers unilaterally. Chile's tariff barriers fell from 15 percent in 1990, to 2 to 3 percent today. "But bilateral agreements are no substitute for multilateral agreements," Mr Walker said, "and negotiations are advancing much too slowly."

*The Doha round of international trade negotiations launched by the 148 members of the World Trade Organization in November 2001 in the Persian Gulf city where the talks began is different from previous rounds, such as the Uruguay round, because it places development at their heart. But the Doha talks have been rocky since the start, finally stalling in Mexico in 2004 when industrialised and developing countries locked horns over agricultural subsidies, tariff barriers and other non-tariff issues, such as labour standards. A summit of the 148 WTO members is planned for December 2005 in Hong Kong, with commitments called for before then. Indeed, the WTO warns that without signs of progress or a breakthrough by the summer, the Hong Kong talks will hang in the balance. For more background, see www.oecdobserver.org, www.oecd.org/ech and www.wto.org.



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**Services for global minds**
**Afternoon, Tuesday, 3 May 2005**

# Globalisation of Higher Education

**Moderator: Chris W. Brooks,** Director of Public Affairs and Communications, OECD**.**

**Panel: Rachid Benmokhtar,** President of Al Akhawayn University, Former Minister of Education, Morocco;

**Arnoud de Meyer**, Deputy Dean of INSEAD, France;

**Richard Descoings**, Director of Sciences Po (Institut d'études politiques), Paris.

Universities and other institutes of higher education have long provided local and national communities with essential centres for producing and disseminating knowledge and understanding, and the roles that they play combine cultural, economic and social features. Today, university-level establishments across the world are competing for the best students in what has become an international market in higher education.

For example, the three leading countries in this competitive process also reflect leanings towards fee-based education: the US, Australia and the UK generated revenues of $80 billion, $40 billion and $20 billion respectively from foreign students in 2003. (Since then the US has lost 30% of its foreign students to rivals.)

"Governments are pushing their higher educational establishments to boost these efforts, largely as a means of generating income," commented **Arnoud de Meyer**, Deputy Dean of the INSEAD business school in France.

But is that what higher education should be? Against this background, can universities and similar establishments continue to play their broad historic roles and at the same time compete successfully as service providers in the global marketplace? Can the particular educational needs of developing and emerging countries be accommodated within this framework? And are there development models that can help institutions seeking to expand the international dimension of their activities?

**Rachid Benmokhtar**, president of Al Akhawayn University in Morocco and a former minister of education for that country, drew a basic distinction between internationalisation and globalisation. He suggested that the first of these two involved features such as obtaining a mix of nationalities among students and faculty and forming research partnerships with institutions in other countries. This was a necessary and positive process that also respected different cultural traditions.

In contrast, globalisation involved developing a single educational model and then trying to sell that model everywhere in the world without regard for the local context and environment. "The US would like to push this idea through the WTO so that higher education can be treated as a trade service provision," Mr Benmokhtar claimed. "Disturbingly, there has so far been no real debate on this issue."

Mr de Meyer identified four different basic models that establishments such as business schools could adopt in becoming more international. The "Chicago export model" involved disseminating the institution's "proprietary knowledge" to other countries. "You can do this if you have people like Nobel prize winners on your faculty," Mr de Meyer suggested. Under the "Harvard import model", the world's "foreign" talent is persuaded to come to the institution.

"You can also try to set up partnerships with institutions in other countries," Mr de Meyer continued. "These are very dependent on individuals, and if key personnel leave, the partnership may fall apart. " Projects involving a large number of institutions are especially

difficult to keep together. Rather, by creating twin campuses in France and Singapore, and by forging strategic alliances with a small number of other business schools including Wharton in the US, INSEAD was pursuing an international "network" approach.

**Richard Descoings**, Director of Sciences Po in Paris suggested that most university level education would retain a predominantly domestic focus for many years to come. "Internationalisation in the higher education sector is more important in qualitative terms than it is in a quantitative sense," Mr Descoings reckoned. In this connection, he saw the emergence of an "international élite," comprising a small number of institutions whose leading qualities were endorsed by their peers.

Speaking from the floor, **John Morley**, Special Professor at the University of Nottingham in the UK, asserted that universities need not feel that they were unable to become more international merely because they did not wear an élite sticker. "Nottingham for instance has been running a campus in Malaysia for the last ten years and we are also setting up a joint venture in China," he said.

**Mr Benmokhtar** stressed the importance of educating students who could think in conceptual terms and later take on leading roles, and not just to train specialists in a narrow sense. "As an autonomous university we have to balance the books at the same time as we educate young people to work in a new world," he said. This responsibility of universities was especially important in developing countries that had to catch up, and where well educated graduates were needed to help improve the living standards of everyone.

Panel moderator, **Chris Brooks**, summed up by suggesting that a balance was needed. This included supporting the local role of higher education institutions, for example, as generators of employment, while at the same time educating people to understand the inescapable fact that we live in an interdependent world.



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