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New world order facing resistance

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Ever since the Cold War ended with the victory for the United States 15 years ago, the world has accepted, and still holds, the concepts of democracy and the market economy as two norms for taking any action. These two concepts, irrespective of racial differences or national boundaries, have so far been treated as something sacrosanct, supposedly having universal legitimacy that nobody can oppose.

When we entered the middle of the 1990s, some people started to argue that two phenomena, globalization and the information technology (IT) revolution, were historical trends affecting the entire world.

Globalization, however, is quite an ambiguous term. According to Thomas Friedman, a New York Times columnist and the author of the best-selling book “The Lexus and the Olive Tree,” globalization is not a mere phenomenon, but a new international system that has replaced the Cold War system. But this explanation does not necessarily make the meaning of the term clear.

From an economic point of view, globalization refers to nothing other than the globalization of competition. The international movement of various economic resources has

become markedly freer and more active. As a result, individuals, corporations and states alike cannot secure their positions without holding their own in international-level competition. Basically, the fundamental character of what is called the market economy is a process of selecting the fittest through free competition. Accordingly, to espouse the principle of the market economy is tantamount to regarding competition as fulfilling the most important role in the process of economic development. Globalization thus means that the arena for the market economy has been expanded from individual countries and regions to the entire world itself.

Far-reaching effects of IT

On the other hand, the effects of the IT revolution are quite wide and deep. First, it has greatly contributed to the revitalization of the U.S. economy by improving productivity within companies remarkably. In addition, thanks to IT, the development of new businesses has expanded surprisingly, especially with the active utilization of the Internet. Net-related e-commerce such as business-to-business (B2B) and business-to-consumer (B2C) operations were launched in earnest in the United States in 1998, and in Japan and European countries three to four years later.

The improvement in productivity resulting from the IT revolution is set to continue for at least another decade. It is certain that the IT revolution will serve as a detonating device for long-term development, with a force equivalent to, or even greater than, that of electricity 100 years ago.

It is important to remember that the effects of the IT revolution will not only act as a mere accelerator to increase economic productivity, but will also exert a far-reaching impact on the fields of politics, society and culture.

As a result of the IT revolution, millions of pieces of information can be shared by people in the world almost simultaneously. This has started to shake to its very foundations the traditional way of managing politics or companies in which leaders or executives monopolize access to information.

Politicians and corporate executives now cannot manage a country or company without satisfying the demands of voters, taxpayers, stockholders or customers for transparency and accountability in the nations politics or company management. The days that politicians kept

the notion of “do not let people know but let them depend on the government” or when company executives ordered their subordinates to follow them blindly now belong to the past.

Philosophy common to world

Furthermore, because of the widespread use of the Internet and e-mail, many members of the general public who in the past were only receivers of information have now become transmitters of information. Economically speaking, this fact will certainly lead to a remarkable expansion of e-commerce.

However, far more important is its influence on politics. Currently, people can only express their will through indirect election methods in the matured democratic political systems of major countries. However, the Internet and e-mails have given birth to a new political method. The rise of nongovernmental organizations, which will be discussed later, is a dramatic phenomenon which best shows that change.

The world seems to have been given the framework of a new order resting on four pillars — democracy, the market economy, globalization and the IT revolution. The distinctive character of this new world order is that the United States is the most mature country in these four fields and is the only superpower at present. Because of this, it is easy for people to consider the United States as the best model of the new world order. That is probably why terms such as an “American standard” or “Washington consensus” are in popular use now.

As long as the framework of this new four-pillared world order is stable and resistant to the weathering of history, the world could be potentially governed by a common philosophy, whether it is referred to as an American model or not. It is the position that Christianity and communism dreamed of, but could not attain.

However, the 21st century may quickly become known for its resistance to the new world order. Recent circumstances clearly show signs of a change. The 1997 financial crises in East Asia that started with Thailand’s currency crisis was a chain-reaction event that created doubts about the new world order.

It is quite clear that a complex variety of factors caused the crisis. However, the most basic factor was that East Asian nations struck by the crisis had not taken, and had been unable to take, steps to respond to the emergence of the new world order.

If they did not take steps, the responsibility rests with themselves. However, if they

were unable to take steps then who should be blamed? It cannot be denied that the world has progressed and daily life improved with the four elements of the new world order. Developing nations in the world have welcomed it and made efforts to be graced with its benefits. However, when viewed with the knowledge of hindsight, it is only natural that solid domestic financial systems and cautious preparations were necessary to survive the global competition accompanied by huge flows of international capital.

It is also clear that major countries lacked careful, rational consideration when encouraging developing countries to participate in the new world order. On top of that, the victims that suffered most from the crisis was the general public in the developing countries. This background needs to be recognized if calls to reconsider the speed and range of the new world orders introduction are to be understood. Such calls have arisen among developing countries in the wake of the East Asian financial crisis.

Sense of alienation

Establishment of this new world order has also been causing wide-ranging friction in countries including the major industrialized states. The fact that global competition serves as a fundamental precondition means there will be winners and losers at the regional level, state level and corporate level, as well as the level of individuals.

In an ideal environment, this dilemma could be accepted under the condition that those who fare badly get an opportunity to recover. However, such a condition does not exist in the real world. The majority of parties participating in global competition would express their anxiety when asked if they were confident of being successful and surviving. The torment for those that fare badly is the sense of alienation. When the world is moving rapidly in a new direction, those left behind by such a movement will feel that their interests and feelings are not represented. The majority of people feel such anxiety and dissatisfaction.

Of course, there have been people in the past who felt they were alienated. Their reactions have often been expressed in occasional riots and revolutions. Ironically enough, the new world order, especially globalization and IT revolution, has given the alienated people a new weapon for protesting on the global level.

What lies beneath the rapidly expanding movement of NGOs is the behavior of alienated people who have grasped the new weapon. Since 1997, NGOs have succeeded in prevent-

ing the establishment of fast-track legislation in the U.S. Congress that would have given the U. S. president authority to negotiate trade bills beyond the control of Congress. NGOs also forced a Multilateral Agreement on Investment (MAI) at the Organization for Economic Cooperation and Development to be scrapped. Last December in Seattle, NGOs prevented the launch of a new round of multilateral trade negotiations under the World Trade Organization. These are new political movements that could not have been imagined in the past.

There are special characteristics in the behavioral patterns of such NGOs:

— NGOs in different countries take advantage to the full of the Internet to cooperate with each other.

— They do not respect principles required under the new world order, such as transparency, accountability and democratic procedures.

— They evaluate benefits of globalization and market economy simply from a viewpoint of individuals.

The energy of many individuals, who even at a glance appear to lack logical consistency, is united under one point: A protest against the fact that they are not part of society's or the world's mainstream decision-making processes. From the NGO's point of view, a proposal on free trade, small government or privatization is equivalent to an action handing a blank check to large-scale business. They regard such actions as instances of crony capitalism or the abandonment of responsibilities by governments.

NGOs are now becoming a huge multinational "Protest industry" structured on the Internet.

What should proponents of the new world order do to counter these actions? Asking NGOs to participate in the ruling camp through a proportional representation formula, like that employed by Germany, may be one possible answer. However, both NGOs and proponents of the new world order never think that such a method could solve a wide range of problems.

Creative thinking a must

The core of the problem is that relations between the government (or a ruling political party), corporations and individuals cannot help but become more complicated and antago-

nized. To solve the confrontation, the three parties have to answer the following questions, respectively. First, the government has to answer the question: “What is necessary but minimum intervention?” Corporations must answer the question: “What kind of profit should be maximized?” And individuals have to answer the question: “What should be paid in exchange for the benefits available in society?”

To each of these questions, each party has to find an answer that convinces all three parties. It is noticeable, however, that these are quite old subjects if the questions are examined closely. We may even be able to say that all the political, social and economic systems that human beings have introduced in the past were part of a trial-and-error approach to find answers to these questions.

Any of the four parts of the new world order — democracy, the market economy, globalization and the IT revolution — will not vanish from the earth in the foreseeable future. We should recognize that each of the four elements is part of the irreversible current of the times. The four elements appeared together for the first time as a comprehensive standard while the new century was approaching and the challenge to this standard has already begun. This probably shows that the 21st century will demand from human beings a level of creative thinking and behavior hitherto unknown.

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