

Address at the Vietnam Institute of International Relations on the occasion of Africa Day Celebrations

Hanoi, 25 May 2007

Topic: **Globalisation and related matters.**

Acting Director-General of the Institute of International Relations, Mr. Nguyen Quang Chien,
Your Excellencies, Ministers and Deputy Ministers,
Your Excellencies, Ambassadors,
Distinguished guests,
Ladies and gentlemen,
Comrade and friends:

The topic I was asked to focus on has been addressed extensively almost everywhere, including, I am certain, here at the Institute of International Relations.

Writing about the period between 1848-1875, in his book, *The Age of Capital*, historian Eric Hobsbawm says that:

"An enormous amount has already been written about the nineteenth century, and every year adds to the height and bulk of the mountain ranges which darken the historical sky."

The same can be said about the fact that so much has been written on this matter of globalisation - some good, others not that good - that "every year adds to the height and bulk of the mountain ranges which darken the historical sky". Indeed, because of the 'darkened historical sky', at times when we analyse the current era and in a sense try to illuminate the 'darkened historical sky', we fall prey to the seduction of the glitter of the modernity of the current conjecture and begin to believe, wrongly, that this is a self-contained period which can be tidily separated from other historical epochs.

So seduced, we may even convince ourselves that nothing lies beyond this self-contained period and as Francis Fukuyama boldly proclaimed at the beginning of the 1990's that this is "the end of history and the last man".

Fortunately, real history is more dynamic, durable and complex to come to an end merely because one ideology, in this case neo-liberalism, seemed to have vanquished rival ideologies.

I therefore approach this topic on the assumption that there is a general understanding of the dialectics of history, that what is happening now has germinated from the seeds of the past and that in turn this period will leave its positive marks into the future and for us from the developing countries this will be like flowers that sprout and blossom as winter gives way to the sunshine of spring.

Often, we use the term globalisation without dissecting its meaning and in many ways we have seen those who have political and economic power in the world using the term to justify actions

that benefit this small section of humanity, thus engendering strong opposition from the oppressed and the marginalized.

Accordingly, we have a situation where the powerful and the marginalized would agree on the elements that constitute globalisation but disagree on the advantages and disadvantages of the phenomenon.

Classical theorists such as Adam Smith, David Ricardo, Karl Marx, Frederick Engels and others, engaged in a huge effort to analyse the complexities of a changing world, characterised by industrialisation as well as the globalising nature of that phenomenon.

Indeed, the phenomenon of globalisation is not new. It appeared in different forms at various periods of history.

Among others, Karl Marx spoke about this phenomenon during his time. In the Communist Manifesto, Marx said:

"The discovery of America, the rounding of the Cape, opened up fresh ground for the rising bourgeoisie. The East-Indian and Chinese markets, the colonisation of America, trade with the colonies, the increase in the means of exchange and in commodities generally, gave to commerce, to navigation, to industry, an impulse never before known, and thereby, to the revolutionary element in the tottering feudal society, a rapid development.

"Modern industry has established the world market for which the discovery of America paved the way."

He continued by saying:

"The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere.

"The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. To the great chagrin of Reactionists, it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilised nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations.

"(The bourgeoisie) compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilisation into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image."

I have quoted at length this passage from the Communist Manifesto because Marx gives a clear description of the nature of globalisation in the era of the capitalist mode of production and consumption.

The globalisation that we are engaging today is a phenomenon that has evolved in a process of qualitative historical changes that have brought about the hegemony of the capitalist mode of production and consumption on a global scale.

Although socio-economic interaction on a global scale goes back to antiquity, the difference with this phenomenon in the capitalist era is its pervasiveness and depth, reaching the most remote corners of the world as well as radically uprooting the traditions, cultures as well as social fabrics and systems everywhere.

Because of the avarice and the insatiable appetite to amass as much profit as possible and dominate markets, capitalism has to use all means possible, including military conquest so as to 'nestle everywhere, settle everywhere and establish connexions everywhere'.

This insatiable appetite and the concomitant aggression to satisfy it led to the colonial and imperial invasions of vast areas of land in Asia, Africa and the Americas. Accordingly, whether in Vietnam, South Africa or Chile we see how, historically and adapting to the local conditions, the bourgeoisie has been able to give a cosmopolitan character to the capitalist mode of production and consumption.

Both before and after Marx, the globalisation of economic relations benefited the rich and the powerful. Initially, this powerful and rich group was almost exclusively confined to the colonial lands. For instance, early in the 20th century, the economist John Keynes explained the exotic lifestyles of the British when he wrote in his book 'The Economic Consequences of the Peace'. He said:

"The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such a quantity as he might see fit, and reasonably expect their delivery upon his doorstep; he could at the same moment and by the same means venture his wealth in the natural resources and new enterprises of any quarter of the world, and share, without exertion or even trouble, in their prospective fruits and advantages; .Most importantly of all, he regarded this state of affairs as normal, certain, and permanent, except in the direction of further improvement, and any deviation from it as aberrant, scandalous, and avoidable."

(P7, A Future Perfect, J. Micklethwait & A. Wooldridge, Published by Crown Publishers, 2000)

One of the central elements ensuring that the Londoner enjoyed that exotic life was the quick movement of products. The phone, the steam engine, the telegraph and the advent of electricity

ensured that products could be easily ordered 'from the whole earth'; whatever quantity as might have been fit could easily be carried and delivered at his doorstep.

Clearly, the telephone, steam engine and electricity radically changed the means and pace of communication among people and between countries.

Today the rich have become richer and more extravagant while billions of people continue to live in misery, a point succinctly put by the then Administrator of the UNDP, Mark Malloch Brown, when he said:

"In large parts of the world, inequality is increasing, both within and, particularly, between rich and poor countries. Our Human Development Report estimates that the income gap between the fifth of the world's people living in the richest countries and the fifth in the poorest was 74 to 1 in 1997. This is up from 60 to 1 in 1990 and 30 to 1 in 1960.

"The international development goal of halving poverty by the year 2015 is receding fast. Of the 6 billion people on our planet, an estimated 2.8 billion are struggling to survive on less than two dollars a day. And 1.3 billion live in absolute poverty, surviving on less than one dollar a day."

(Mark Malloch Brown at Columbia University, School of International and Public Affairs, 25 October 1999).

As in the past periods, a critical feature in the capitalist mode of production and consumption is the speed with which people, products and ideas move. While the means of transportation is still very critical and central in today's society, what has clearly made a decisive change is the speed with which information flows and the quality of such information.

This radically faster movement of information derives from the development of computer technologies, ensuring rapid computing capacity based on digitisation and the almost instantaneous transmission of information by digital signal processes through radio, satellite or fibre optic cables that have brought about a real revolution in the realm of communication as well as the dissemination and use of information and knowledge.

Although these technological advances are the continuation and modernisation of old technologies, it is their pervasive reach, their qualitative and quantitative impact on the socio-economic conditions and relations of people as well as their profound ability to supplant established social and cultural systems that distinguishes them from those of the past.

Again, as we know, all major technologies strongly influence both the means and the structure of production and this has certainly been the case with these modern technologies. Certainly, the majority that Malloch Brown spoke about are excluded in this communication and information technology.

So, what does all these mean to us, as the people of the South?

Globalisation is a fact of life. There are a number of challenges facing us developing countries. Among them is the impact this phenomenon has had on areas such as:

- domestic industries;
- trade between the developing countries and between the developing and the developed countries;
- local cultures;
- the nation-state and sovereignty;

Chairperson,

Throughout history, the rich have always been defined by the large amount of resources at their disposal. This is still the case today. One of the distinct features of the modern globalised economy is the growth and rapid national and trans-national movement of capital. Among other things, this has resulted in trade in money coming to represent much larger values than trade in goods.

The consequent ability of short-term capital to cause serious crises in the real economies of many countries, as happened in the ASEAN region in 1997/1998 has been discussed extensively. However, the availability of these large volumes of capital in the world economy also signifies the possibility to increase investment in the real economies of countries, drawing on accumulated global savings, as Vietnam has done and is doing.

The process of contemporary globalisation has also been accompanied by the further concentration and centralisation of capital, leading to the emergence of mega-corporations that play a dominant role in their sectors. We see this process continuing everyday, with regular news of mergers and acquisitions leading to the creation of more and more multinationals in various sectors such as banking, pharmaceuticals, automobiles, oil and gas, ICT, electronics and other sectors regarded as highly profitable.

Because they look for maximum returns, many of these multinationals have developed new methods of production that help to define the nature of the globalisation process. Accordingly, it is important to understand some of the behaviour of these multinationals, which has a profound impact on developing countries as they try to build strong and competitive economies. Let us take just one aspect of the operations of many multinationals, which is what is called 'intra-firm trade'.

Today, many multinational companies that are domiciled in the developed countries of the North also have a strong presence throughout the world, especially in the developing countries. In many instances these companies account for a large part of their home countries' international trade and are a critical part of the integrated global economy.

The OECD Economic Outlook of June 2002, commenting on the topic: "Intra-industry and intra-firm trade and the internationalisation of production", observes that:

"The growing 'internationalisation' of production systems, which increasingly involve vertical trading chains spanning a number of countries, each specialising in a particular stage of production, is an important feature behind the changing nature and increasing scale of world trade."

And William J. Zille, in his 1997 paper says that:

"Cross-border transactions between affiliated units and multinational companies account for a major share of US international trade in goods. In 1994 these transactions - commonly referred to as 'intrafirm trade' - accounted for more than one-third of US exports of goods and for more than two-thirds of US imports in goods.

"Intrafirm trade plays a critical role in the operations of multinational companies: It may help the multinational company to reduce the costs of distributing goods abroad or of acquiring inputs from abroad or to integrate production processes on a global scale. Intrafirm trade may respond differently than trade between unrelated parties to changes in economic conditions; for example, it may - at least in the short term - be more insulated from competitive forces in particular markets or from overall changes in prices, exchange rates, or general economic conditions."

(<http://www.itcilo.org/actrav/actrav-english/telearn/global/ilo/multinat/usintra.htm>)

This aspect of globalisation - the intra-industry or intra-firm trade - where different parts of a product are produced in different countries, has a number of benefits for multinationals companies, as mentioned above. In many instances these benefits are to the disadvantage of the economies of the developing countries.

Through this phenomenon, the multinational company is able to utilise cheaper labour, especially from the developing countries even when this labour is of higher quality than that in their homeland. The company is also able to reduce costs as indicated by Zille and because of its dominant position, the possibilities are remote for the emergence of new firms that would compete effectively and thus be able to attract business away from the multinationals.

This has a direct impact on domestic industries as well as on the possibility of the developing countries to develop local competing companies. In many instances, this undermines any chance that these countries might have to embark on a process of substantially developing their economies. The net effect of this is the perpetuation of old economic relations that are tilted strongly in favour of the developed countries of the North.

Further, as developing countries, we have to compete with an economic globalisation that invades cultural patterns as Sukomal Sen observes. He says:

" Worldwide proliferation of internationally traded consumer brands, the global ascendancy of popular cultural icons and artefacts, and the simultaneous communication of events by satellite broadcasts to hundreds of millions of people at the time on all continents are visible marks of economic globalisation invading the cultural arena. Some feel that the most public symbols of globalisation consist of Coca-cola, Madonna and the news on CNN. Whatever the casual and

practical significance of this phenomenon, there can be little doubt that one of the most directly perceived and experienced forms of globalisation is the cultural form."

(<http://www.cpim.org/marxist/200002-marxist-culture-ss.htm>)

In this regard, the rich and the powerful create a world after their own image and use the power of a globalised media to project this image as that of an ideal, civilised and normal human-being after whom we should all aspire. We know from our own experience, coming from developing countries, that it is an intellectual dishonesty to suggest that to be civilised is to mimic foreign cultures and denigrate those of our indigenous people.

Again, we have often heard bold predictions that globalisation will weaken and even destroy nation-states. Some of those who try to use the phenomenon of globalisation to ensure the withering away of the state so that the market can rule supreme, are themselves beneficiaries of strong states that laid powerful foundation for the private sector to thrive.

While there are elements of the phenomenon of globalisation that seem to weaken nation-states and threaten the sovereignty of many nations, this should be seen as a challenge to work together and use the many positive aspects of globalisation to strengthen governance both at the local and international levels and use economic integration to promote, rather than suppress the interests of nation-states.

Chairperson,

Many political and economic analysts, theorists and practitioners would agree on what constitute the basic elements of a globalised world. But given the fact that these may proceed from different vantage points, there would be different interpretations of the advantages and disadvantages of globalisation as well as the course of action necessary to ensure that this phenomenon benefits all human beings, especially the poor and marginalized citizens that populate mainly the developing countries.

The rich and the powerful from the developed world, who 'must nestle everywhere, settle everywhere, establish connexions everywhere' may see the phenomenon of globalisation as an important platform from which to increase their wealth, entrench their power and through this, perpetuate the all-round subjugation of the poor regions of the world.

To those of us from the developing countries, globalisation must clearly mean the opportunity to leapfrog our countries into the critical stage of development and therefore defeat poverty and underdevelopment while resisting foreign cultural domination and retaining our political and socio-economic independence.

Together, we have the duty to ensure that our people enjoy a better life. One of the things we have to do to achieve this objective is to forge strong South-South partnerships that harness our comparative advantages in this globalised world, and among other things, utilise our capacities to change the trend whereby most developing countries are the exporters mainly of raw materials.

Chairperson,

As we know, today, the 25th of May, we celebrate Africa Day, a day of historical importance on the calendar of the African continent.

We are very happy to celebrate this day with our comrades-in arms, here in Vietnam because our bonds were forged in the bitter struggles to free our people from the daily brutalities of oppression and repression so that these masses could also have the possibility to live a better life. I am indeed very happy that there have been very important engagements between our two continents as well as between Vietnam and Africa on what are called comparative lessons and mutual opportunities. This is a desirable development because there are many things that we can learn from one another so that we are able to put our countries on a sustainable development path.

The African continent is presently engaged in a comprehensive process of regeneration, with the objective permanently to end the vicious cycle of political instability, poverty and underdevelopment.

In this regard, there is increased unity and readiness to act for the betterment of the continent through the African Union. There is also visible movement to accelerate the socio-economic transformation of all our people through the New Partnership for Africa's Development (NEPAD). At different levels of society there is a sense of urgency that we have to address the myriad of challenges facing our continent.

The vision of the African Renaissance and the programme that emanate from it, has translated into practical measures that include the need to strengthen partnerships so as to:

- accelerate regional and continental political and economic integration, strengthen the regional economic communities, including the involvement of the private sector and civil society;
- help to entrench good governance, improve macro-economic frameworks for development and deeper integration, improve trade among ourselves, by among others, eliminating barriers to intra-regional trade: this is based on the understanding that regional integration is central to our efforts to increase market size, ensure economies of scale and the maximisation of comparative and competitive advantages so as to attract more investors;
- accelerate physical integration through massive infrastructure development; and,
- work for the peaceful resolution of conflicts as well as prevention and management of conflicts. It also includes peacemaking, peacekeeping and peace enforcement as well as post-conflict reconciliation, rehabilitation and reconstruction.

As part of improving good governance on the continent, there is visible progress in entrenching democracy and already many countries have made major advances in terms of establishing democratic dispensations. Indeed, many more countries are working for political inclusiveness across regional, ethnic, religious and racial divides, at same time creating new ways of involving all citizens in the political processes.

Further, a large number of our countries have improved their public financial, management and accountability systems, running smaller deficits, improving fiscal transparency and creating institutions and arrangements for better auditing of public funds.

We are indeed proud that many countries on the continent have adopted NEPAD as an instrument to advance people-centred development. NEPAD has detailed programmes of actions within specific time frames and has, as one of its key pillars, the Democracy and Political Governance Initiative. In this regard, the African Peer Review Mechanism (APRM) is one of the most innovative aspects of NEPAD.

The APRM is an initiative to which Member-States accede voluntarily. It is a monitoring mechanism that helps the participating countries to conform to agreed political, economic and corporate policies and practices. Participation is open to all AU member-states and so far, twenty-six states have joined.

Chairperson,

We share with you these programmes because we are convinced that together we should form partnerships that would ensure that we tap, for instance, into your own rich experience of economic development.

We need this strong partnership so that we can learn from our brothers and sisters here in Vietnam who, over the past 20 years experienced a positive economic renewal, which has resulted, among other things in industrialisation, economic growth and reduction of poverty and increasing eradication of poverty. This has helped this country to achieve a high annual economic growth rate, attracted record levels of foreign direct investment and substantially increase exports. I understand that this process has helped Vietnam to achieve the Millennium Development Goals ten years early.

Indeed, there are many invaluable lessons that we should learn from the people of this country. One of these critical lessons is the manner in which this country has navigated the globalisation terrain and managed to locate itself within this process to generate the necessary benefits. I am saying this because, among other things, this country has managed to attract significant flows of foreign direct investment, drawing on the accumulated savings in the global economy, which I mentioned earlier, without exposing itself to the danger of short-term capital outflows that would damage the real economy.

As an example of this, in February this year, it was reported that Vietnam would see a sharp increase in foreign direct investment in 2007, with spending on new projects rising by 17.6 per cent, according to the government. Phan Huu Thang, director of the country's foreign investment agency, said government expected overseas companies to spend \$16bn in Vietnam this year.

The prediction came as another proof of the increasing positive standing of the country among foreign investors, following Vietnam's ascension to the World Trade Organisation (WTO) this year.

Clearly, Vietnam has some lessons that she should share with other countries of the South. Our cooperation in different critical fields such as economic, scientific, cultural and policy formulation and implementation should not end in seminars and workshops, but should include a practical aspect which involves both public and private sectors.

It is indeed important that Africa learns from Vietnam's experience, especially in agricultural development, food security and hunger eradication because these are some of the central challenges in our own on-going efforts to defeat poverty and underdevelopment.

On the 17th July 1966, the outstanding champion of the struggle for liberation in this country, Ho Chi Minh said, "nothing is more precious than independence and freedom".

Today, we should, in the same spirit of Ho Chi Minh say that "nothing is more precious than the defeat of poverty and underdevelopment", because this must be the outcome of the independence and freedom to which Ho Chi Minh referred.

It is this precious independence and freedom that must help us to work together for the urgent reform of the multilateral institutions, especially the United Nations, World Bank, IMF and others; for the successful conclusion of the Doha Development Round; for the end to the Iraq, the resolution of the Israeli-Palestinian conflict, and the negotiated settlement of the dispute involving Iran's access to the peaceful use of nuclear technology. Indeed, because nothing is more precious than independence and freedom, we in Africa are doing everything in our power to bring to an end the conflicts in Darfur in Sudan and in Somalia as well as support the peace process in Côte d'Ivoire.

The resolution of all these challenges is central to the attainment of a prosperous world where all of humanity would enjoy a better life.

Chairperson, during the height of the Vietnam War, an American singer, Billy Withers, expressed through song the fear, hopelessness and innocence of many ordinary soldiers who were sent to fight here in Vietnam, to wage a war of aggression they did not understand. A young soldier who was shot on his right shoulder asked a friend to send a message back to his family in America and lamented that:

"I can't write left-handed.
Would you please write a letter to my mother?
Tell the Rev. Harris to pray for me, Lord, lord, lord.
I aint gonna live - I don't believe I'm going to live to get much older.
Strange little man over here in Vietnam, I aint never seen, bless his heart,
aint never done nothing to, he done shot in me in my shoulder."

Today, Vietnam and Africa need soldiers of peace and development. We need, from the developed countries of the North partnership that would help us as we accelerate this process of development so that we can all reap the benefits of globalisation. In this regard, we are in the fortunate position that Vietnam has shown and is showing all of us practically what can be done to ensure that globalisation does indeed benefit all humanity.

I would like to take this opportunity to thank the Government of Vietnam and Mr. Nguyen Quang Chien, Acting Director-General of the Institute of International Relations, for giving us the opportunity to celebrate the 44th Anniversary of Africa Day here in Hanoi.

Thank you.