

The Seattle Fiasco

by Henry Kissinger

THE collapse of the World Trade Organization conference in Seattle amid chaos in the streets was worse than a diplomatic fiasco; it spelled a missed opportunity. President Clinton could have used the occasion to put forward a farsighted programme for dealing with what portends to be one of the gravest challenges of the new century: the huge gap between the sophistication of the dominant economic model, called globalization, and traditional political thinking still based on the nation-state.

But instead of assuming the mantle of President Truman's leadership role in inspiring the structure of the post-World War II world, Clinton decided to play to the gallery. Speaking to the press in advance of the conference, he welcomed the prospect of demonstrations, thereby encouraging tactics of intimidation toward a group of ministers who were America's guests.

And even after violence occurred, he justified the demonstrations with the argument that, previously, "decisions were largely the province of trade ministers, heads of governments and business interests. But what all those people in the street are telling us is that they would also like to be heard." But why had they not been heard before in the seventh year of the administration? Why convene the trade ministers if the American government now claimed that there was something illegitimate about their principal sphere of authority? What was in fact needed at Seattle was a conceptual road map for the next phase of globalization, designed to preserve its economic benefits while broadening its political scope.

Globalization has encouraged an explosion of wealth and technology never approximated in any historical epoch. Such rapid change inevitably challenges prevailing social and cultural patterns. Markets generate growth but also dislocations. While these dislocations are arguably the engine of ultimately greater well-being, political leaders are obliged to deal with their consequences here and now. A sense of political unease is inevitable - especially in the developing world - a feeling of being at the mercy of forces neither the individual nor the government can influence any longer.

A new approach must begin with the realization that, by any objective measurement, globalization has been a huge success - especially for the United States. During the past two decades, the United States has generated unprecedented wealth; broadened and deepened the availability of capital; funded the development and broad distribution of a wide variety of new technologies; created markets for a seemingly endless array of goods and services, all the time improving its distribution of income. So far as the U.S. economy is concerned, these are the "good old days."

To be sure, even in the United States, globalization has left some individuals and groups behind. Jobs are lost in some sectors even as they multiply in others. Yet the protectionist argument that globalization generically produces unemployment is, in the United States, belied by the reality of full employment coupled with rising wages. The world's puzzlement at protectionist pressures in advanced industrial countries has been well-expressed by Prof. Joseph Stiglitz, soon to retire as the chief economist of the World Bank: "What are developing countries to make of the rhetoric in favour of capital liberalization

when rich countries - with full employment and strong safety nets - argue that they need to impose protective measures to help those of their own citizens adversely affected by globalization?"

While the benefits of globalization have been dramatic in the United States, the impact on the rest of the world has been more ambiguous, at least in the short run. Europe, the next largest beneficiary, reacts warily to foreign takeovers, even from other European countries, though these reflect the free movement of capital that is one of the chief tenets of globalization, as well as of the European Union. And Europe has found it difficult to dismantle the traditional dominant role of its governments. Similarly, Japan's economy and politics have stagnated partly because of the reluctance to open up to keep pace with globalization.

The economic and political consequences of globalization have been most severe for the developing countries. In a world where capital can move freely, investments will flow toward the highest return. This mobility of capital presents considerable risks as well as great opportunities for the host countries.

For foreign capital will leave if better opportunities open up elsewhere, or if the host country's economy suffers a perhaps cyclical decline.

Restraints on monopoly and a social safety net have been the fundamentals of the national policy of the industrial democracies for nearly a century. By contrast, the developing world has few safety nets except a crude form of protectionism. There is rarely unemployment insurance for those whose jobs are destroyed through globalization.

Large, diverse economies, as in the United States and Europe, with highly developed capital markets and a body of commercial law can cope with these fluctuating movements. The fragile, brittle economies and social structures of most developing countries are disproportionately vulnerable, at least in the short and medium term.

These problems are compounded because urbanization, which is inherent in industrialization, inevitably brings with it the weakening of existing traditional, political and social support systems. Even when their material conditions improve in absolute terms, the migrants become increasingly conscious of the gap between rich and poor that, in almost all developing countries, the early stages of globalization seem to magnify. Therefore, political and economic indices frequently swing wildly out of phase with each other.

Moreover, capital flows are not necessarily determined by the economic performance of the host country. Speculative capital moves to take advantage of short-term trends; it can benefit from downturns as well as from booms. Even financial institutions do not specialize in speculation often contribute to these trends. During downturns, domestic capital flees while foreign financial institutions protect themselves by reducing their exposure even in healthier economies, to offset losses incurred elsewhere. All this turns national or regional difficulties into global crises. The way the international system manages its periodic crises compounds the political challenge. The standard remedy of international institutions - especially of the International Monetary Fund - has been to restore credit-worthiness by imposing drastic austerity on the affected countries. They identify political accountability with the nation-state and demand that governments cushion them against excessive suffering or dislocation. Leaders - especially in the democracies - are overturned when they are perceived to have failed in this task. Protectionism beckons, together with attacks on America as the leading industrial power.

During the first 20 years of the post-colonial period, public moneys financed most investments in the developing world. When, in the 1980s, Western taxpayers revolted against these grants, many developing countries strove to attract private Western capital. And until the mid-1990s, private investment seemed to enable emerging countries to build up their industrial capacity. Since then, the American - and more recently the Japanese and European - financial markets have been such powerful magnets as to discourage capital flows into areas where the political risk is greater and the regulatory system less predictable, as in Latin America or non-Japanese Asia. But since domestic capital is more expensive, companies that are obliged to depend on it are at a grave competitive disadvantage. This dynamic coincides with a drive toward bigness almost for its own sake that has become the key corollary, almost the synonym, for globalization.

As local enterprises feel obliged to merge with multinationals with better access to global capital markets, the typ-

ically developing country's business sector bifurcates: one set of enterprises is integrated into the global economy and owned by large international corporations; the rest, cut off from globalization, employs most of the labour force at the lowest wages and with the bleakest prospects.

Both sets of companies raise political issues: the multi-nationals because they seem to withdraw key decisions affecting the public welfare from domestic political control; the local companies because they generate political pressures on behalf of protectionism and against the globalization model. Moreover, to the extent the hitherto local economy becomes integrated globally, it grows more vulnerable to a prolonged recession in the United States. This is the dark cloud hanging over globalization: if it is realistic unless the business cycle has disappeared when the United States economy turns down, the global consequences could be catastrophic, especially if no preparations are made for such an event. Some argue that the answer to these dangers is even freer trade more rapidly. And, in a long-term sense, this may well be true. But since globalization in essence involves global adoption of the American model, it is important to remember that the flexible labour markets of America, the deregulated financial institutions, the relatively cheap capital and the bias toward lowering costs rather than raising prices took decades to evolve.

This model cannot be replicated rapidly in the developing world and not, in any event, fast enough to prevent a growing political backlash against globalization. The key challenge is that very few people

Courtesy: The Dawn of Pakistan

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Spiritual Benefits: Fasting, in which we abstain from supplying the body its biological needs, is a vehicle that takes our soul closer to Allah. That is why Allah said in a hadith qudsi: "Fasting is for My sake and it is I who will give rewards for it."

The Angels will distribute the rewards for all good deeds by the command of Allah. But the reward for fasting will be given by Allah Himself. In other words the reward for fasting is the vision of Allah Himself.

The Holy Prophet (pbuh) said: "There are two joys for a fasting man - one joy is at the time of breaking the fast and another joy is at the time of meeting with his Lord." There is a gate in Paradise named Rayyan, people who fast will enter Paradise through that gate.

No Penalty for Mistakes: If anyone, by mistake, does something that would ordinarily break his fast, his fast is not nullified. The fast stands valid

In another hadith the Prophet (pbuh) said: "When the month of Ramadan comes the gates of Paradise are opened and the gates of Hell are shut, and the Devils are put in

chains." This gives us a good reason to compete with one another to do good deeds in the month of Ramadan.

Some Recommendations from Sunnah: Increase the study and recitation of the Holy Quran, it is good to read the whole Quran at least once during Ramadan.

- Observe the Taraweeh prayer because it erases past sins.

- For the last ten days of Ramadhan long night prayers are highly encouraged. Our Prophet (pbuh) said: "Seek Lailatul Qadr (Night of Power) in the last ten nights of Ramadan" and he urged us to spend this night of each year in devotion. Allah said in Surah Qadr that Lailatul Qadr is better than one thousand months. Our Prophet (pbuh) also said: "He who spends the Night of Power in worship, out of faith and anticipation of what will have all his past sins forgiven."

- Intensify charity and other humanitarian services.

- Restrain the tongue from useless talks like gossip, backbiting etc. instead busy yourselves with the remembrance of Allah.

- Also stay away from hearing evil talk. The Prophet (pbuh) said: "The back-biter and the hearer of back-biting are equal co-sharers of the sin."

Ramadan and Fasting

by Iffat Mirza

Exemption From Fasting: Children under the age of puberty and insane persons are exempted from the duty of fast and no compensation is required for them.

Men and women who are too old or too sick will pay compensation instead of fasting.

If a person is traveling or is sick, if a woman is pregnant or is nursing a child can defer the observation of a fast. They can make up for it later.

A woman should not fast during her period of menstruation or during her confinement just after childbirth. She must postpone the fast till recovery and then make up for it, a day for a day.

Penalty Of Voiding Your Fast: The fast of any day of Ramadhan becomes invalid by intentionally eating, drinking etc. before sunset and the penalty of deliberately doing something which nullifies the fast is to fast sixty consecutive days or as an alternative, feed sixty poor persons sufficiently, besides observing the fast of one day against the very day.

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