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ECONOMIC AND SOCIAL DEVELOPMENT TRENDS IN A GLOBALIZED WORLD

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- Paper Draft-

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Introduction

Globalization as a phenomenon is not new, but during the last 50 years it has shaped development in the world economy, affecting as never before, for better or worst, the living conditions of people and constrained the role of nation states. Within only 50 years the consensus about how world can achieve "development" has changed at least in two important moments affecting all peoples' life around the world. In the first *development consensus* -which was the legacy of the Second World War and the result of the post-colonial era- the nation state was assigned a strategic role in development because the market, by itself, was not perceived sufficient to meet the aspirations of latecomers to industrialization. But later, and as a result of the failures of planned economies and excessive role of the state, the world adopted a new thinking about development, this time the so called *Washington Consensus*, which assumes privatization and liberalization -and no longer the state, as a means to achieve development. Under this consensus transnational corporations, production and trade, and international banks and financial intermediaries are the ones that determine world's opportunities to development. But regardless of the approach to development, poverty, inequality and deprivation persist, and yet new problems have surfaced. Today, at the same time that liberalization, privatization and globalization have gathered momentum, the Washington Consensus and globalization is under attack and a new approach to development is emerging: a "sustainable development consensus", which has been shaped by new actors, new development issues and new global institutional very different from fifty years ago.

This paper is interested in explore in greater detail this emerging trend in economic and social development and examining the undergoing efforts in different fronts by different actors to redress the economic and social imbalances of globalization. The message of this report is that to achieve a successful economic and social development in a globalized world three key strategies have to be pursued: sustainability, national and international governance, human development and. Although the idea of redressing social and economic imbalances sometimes appears as an unachievable mission, the vision of this paper is optimistic. It recognizes that creative thinking, a stronger civil society and some promised partnerships and collaborations are emerging and have already starting to mapping out the rout towards a more promised pathway.

PART ONE: EXAMINATION OF THE EFFECTS OF GLOBALIZATION ON THE SOCIAL AND ECONOMIC DEVELOPMENT

This section reviews the three waves of modern globalization that have taken place since 1870. Concentrating on the third wave of globalization, which has been taken place since around 1980, we will characterize its main aspects (economic integration, power, culture, and environment), institutions, and effects on the social and economic development. We will conclude exploring some of the main reasons why globalization gas became so controversial, especially because its effects on poverty, equity, and rights.

1. How we became a globalized world?

Economic globalization is not a wholly new trend. Indeed, at a basic level, it has been an aspect of the human story from earliest times, as widely scattered populations gradually became involved in more extensive and complicated economic relations. In the modern era, globalization saw an earlier flowering towards the end of the 19th century. That earlier peak of globalization was reversed in the first half of the 20th century, a time of growing protectionism, in a context of bitter national and great-power strife, world wars, revolutions, and economic and political instability. In the last 50 years the tide has flown towards greater globalization once more. The 1994 Uruguay Round of the GATT saw developing countries become engaged on a wide range of multilateral international trade issues for the first time.

a) The tree waves of globalization

Studies on globalization indicate that the first wave of globalization went from 1870 to 1914, and was driven basically by falling transport costs. The main characteristic of this phase is that cheaper transport caused by technology advances opened the opportunities for land-intensive commodity exports and this production of primary commodities for export required large amounts of labor and capital. Even though the unprecedented increase in growth reduced poverty, the world income inequality started to rise. The impact of globalization on inequality within countries depended in part on the ownership of land.[1]

Between the first and the second waves of globalization, there is a gap of 30 years during which international trade went into reverse by a retreat into nationalism and protectionism. The years from 1914 to 1945 saw World Wards I and II. The inter-war period brought on the great depression and in turn, governments responded by protectionism. Despite of this retreat from globalization, the trend to greater world inequality was not reversed[2].

The immediate years following World War II are important not only because marked the start of the second wave of globalization but also because is here where we find the roots of today's global architecture of economic and social imbalances, which rest on unequal collaboration and distribution of power at the international level to promote not only peace and security but also social and economic development. Thus, we see that after the Second War, in 1945, countries started collective action in the fronts of peace and development through the foundation of the UN System, the creation of multilateral institutions that govern international trade and investment, the reduction of trade barriers that they have previously erected.

During this second wave of globalization that went from 1945 to 1980, trade liberalization was selective in both in terms of which countries participated and which products were included. Basically, whereas trade between developed countries in manufactures good was freed of barriers, they formed "economies of agglomeration" and promoted social protection; developing countries faced severe barriers for agriculture and manufactures, they did not participate in the growth of global manufacturing and services trade, and were confined to dependence on primary commodities. According to a WB report, the net effect of this trend was: greater equity within developed countries; more inequality between developed and developing countries, a little change within developing countries.

The third wave of globalization started in 1980 and continues today. In summary, and according to the cited studies, the main features of this recent wave are: a) whereas trade has grown massively and more developing countries are participating in the world markets for manufactured

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[1] The World Bank., Globalization, Growth, and Poverty: Building Inclusive World Economy. Oxford University Press, 2002. p. 23.
[2] Mundell, R. 2000. A Reconsideration of the Twentieth Century. *American Economic Review* 90 (3): 327-40.

goods and services, many other developing nations have became increasingly marginalized and suffered declining incomes and rising poverty; b) international capital flows have increased substantially (especially in the form of FDI), but most of these capital flows are between developed countries and just a small proportion goes to developing countries, especially to Africa; c) finally, and because of the inequalities in wages and income distribution between poor and rich countries, migration has escalated more than ever before[3].

b) Global institutions for a post-World Ward II global economy

After the World War II, the leaders of the allied powers were of the view that one of the main causes of the war was the failure of the open trade system during the Great Depression. They agreed that the enduring peace and welfare of nations were connected with freedom in international trade. Whereas the United Nations System was created as a means of peacefully resolving political differences between states, multilateral institutions were created to provide a framework of rules for countries to manage trade and investment. One of the most important pillars of this new order, embodied in the Bretton Woods Institutions, was the establishment of the International Trade Organization (ITO), along with the International Monetary Fund (IMF), and the International Bank for the reconstruction and Development (The World Bank). [4]

The IMF had the responsibility for maintaining currency exchange stability and for helping member nations to deal with short-term disequilibriums in their balances of payments; the IBRD for aiding in the reconstruction of war-devastated areas and in the modernization of the underdeveloped countries; and the ITO for reducing or eliminating tariffs and other barriers to trade. The ITO never succeed and the GATT and then after the WTO emerged as the institution to frame trade. The organization does not deal with environment, labor standards, and human rights, forcing the countries to seek other means of attaining their objectives without imposing costs on other countries[51].

In spite of this institution building, the challenge to promote economic well-being through international action persists. As we will see ahead in this paper, the main critic is that these global institutions have experienced a gradual erosion of their capacity to "govern".

c) Aspects of today's globalization

Today's economic integration occurs through trade, migration, and capital flows. World trade is measured relative to world income. Capital flows are proxied by the stock of foreign capital in developing countries relative to their GDP. Migration is proxied by the number of immigrants to the United States. As we mentioned before, since 1870 none of these flows was significantly large to warrant the term globalization.[6]

This growth in cross-border economic activities takes various forms:

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[3] The World Bank. Op Cit. p. 23

[4] Khalid, Rasheed *et. all*, The World Trade Organization and the Developing Countries. The OPEC Fund for International Development, Austria, February, 1999.

[5] World Trade Organization. 10 Common Misunderstandings about the WTO. The World Trade Organization (WTO) Website: http://www.wto.org

[6] The World Bank., Globalization, Growth, and Poverty: Building Inclusive World Economy. Oxford University Press, 2002. p. 23.

International Trade: A growing share of spending on goods and services is devoted to imports from other countries. And a growing share of what countries produce is sold to foreigners as exports. Among rich or developed countries the share of international trade in total output (exports plus imports of goods relative to GDP) rose from 27 to 39 percent between 1987 and 1997. For developing countries it rose from 10 to 17 percent.[7]

Foreign Direct Investment (FDI): Firms based in one country increasingly make investments to establish and run business operations in other countries. Direct investments are the principal channel of international private capital flows, especially to developing countries. Overall world FDI flows more than tripled between 1988 and 1998, from US$192 billion to US$610 billion, and the share of FDI to GDP is generally rising in both developed and developing countries. Developing countries received about a quarter of world FDI inflows in 1988-98 on average, though the share fluctuated quite a bit from year to year. UNCTAD estimates just before the terrorist attacks showed that world FDI flows were likely to decline a 40% decrease in 2001, which would represents the first drop in FDI since 1991 and the largest in the last three decades. The main reason is a world economy slowdown seen with Mergers and Acquisitions decrease. The effects of the terrorist attacks of September 11 on FDI flows are difficult to gauge. Company surveys suggested that they would be limited but the decline is not likely to be recouped in 2002, at least until the following combination of factors be in place: consumer confidence be restored; liberalization of FDI regimes; development in information and communication technologies; and competition between firms[8].

Capital Market Flows: In many countries (especially in the developed world) savers increasingly diversify their portfolios to include foreign financial assets (foreign bonds, equities, loans), while borrowers increasingly turn to foreign sources of funds, along with domestic ones. While flows of this kind to developing countries also rose sharply in the 1990s, they have been much more volatile than either trade or FDI flows, and have also been restricted to a narrower range of 'emerging market' countries.

But the aspects of globalization not only refer to economic integration; as we explore ahead, they also affect migration, culture, power and culture.

2. Effects of globalization in social and economic development

a) Spread of Democracy

b) Economic integration and instability

The rapid integration of, and into international financial markets, combined with the explosive growth in portfolio investment flows and short-term capital movements, has led to a volatility in capital flows and instability in exchange rates so that the danger of capital flight is ever present.[9] As a result of this pattern we have crisis in Asia, Chile, Argentina, Mexico, and some other economies in transition.

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[7] (The source for many of these data is the World Bank's *World Development Indicators 2000*.)
[8] Pink Book, p. 15
[9] Bhaduri, Amit. Nationalism and Economic Policy in the Era of Globalization, UNU World Institute for development Economics Research, Working Papers No, 188, p. 20

As a result of the economic weaknesses across nations, a synchronized global slowdown is occurring and the international economic environment has been deteriorated since 2001, particularly for many developing countries end economies in transition as follows[10]:

- International trade stagnated at the global level and declined significantly for many countries;
- The international prices of many commodities on which the exports of a large number of developing countries are still concentrated fell substantially;
- Net capital flows to developing countries remained at a low level; and
- The external financing conditions for these economies became more stringent.

While some improvement is expected, many developing countries and transition economies continue to face a challenging external situation.

d) Unemployment and poverty

To many countries globalization has not brought the promised economic benefits. A growing divide between the haves and the have-nots has left increasing number in the Third World in dire poverty, living in less than a dollar a day. Globalization has not succeed in reducing poverty (Africa), neither in succeeding in ensuring stability (Latin America, Asia, financial contagious). (to be completed)

f) Power, culture, environment
(to be completed)

3. Why globalization has become so controversial?

Following the World War II, the ideas of economic and social development, along with peace and security, reshaped the direction of the already undergoing globalization. The then emerged UN System placed a bet on globalization of the economy as a mean to secure the pledge of prosperity of the rich and integration of the poor. After more than fifty years of such bet, many are discontent with its effects and globalization has become controversial. Despite of the many benefits of globalization for certain countries, the current balance still shows instability, a wide poverty gap, and little freedom for developing countries in shaping their own ways to join globalization.

a) The failures of the international economic system: The Washington Consensus

Perhaps one of the strongest criticisms in this wave of globalization is that the set of neo-liberal principles that have been promoted by the Multilateral Economic Institutions as the basis for development have demonstrated a big failure. This set of commitments that are known as the Washington Consensus - trade liberalization, tax reform, realistic exchange rates, liberalization of capital markets, and privatization- have replaced the discipline of development economies, most importantly the idea that simply opening up to international trade and investment constitutes a

10 Pink Book, p. 25

development strategy itself and have give to the IMF a tremendous power to decide the most important macroeconomic policies[11].

This is in spite that the last 20 years of the experiment in applying these principles, during which most low and middle income countries significantly opened their economies and followed the Washington's economic advice, have been unquestionable economic failure. According to some economic analysis, the failure of the last two decades also shows up in a substantial decline in the major social indicators. For almost all groups of developing countries, there was considerably reduced progress in life expectancy, infant and child mortality, measures of education, and literacy in the past two decades, as compared with the period from 1960-1980.[12]

As Josephe E. Stinglitz, the winner of the 2001 Noble Prize in Economics explain us: "the Keynesian orientation of the IMF, which emphasized market failures and the role for government in job creation, was replaced by the free market mantra of the 1980s, part of a new "Washington Consensus" – a consensus between the IMF, the World Bank, and the U.S. Treasury about the 'right' policies for developing countries –that signaled a radical different approach to economic development and stabilization"[13]. And then he explains how today these institutions have become dominant players in the world economy in such a way that for countries receiving their help and their "seal of approval" to have better access international capital markets must follow their economic prescriptions, prescriptions which reflect their free market ideologies and theories.

The problems, some analysts say, are that: 1) liberalization has, too often, not followed by the promised growth, but by increased misery and 2) underlying the problems of the IMF and the other international economic institutions is the problem of governance: who decides what they do.

b) Shit of power to global corporations

In some countries, processes and policies associated with globalization and neo-liberal reform have weakened the regulatory capacity of certain state institutions. Given the size and global reach of transnational corportations (TNCs) and their ability to move capital, technology, goods and services cross borders, there has been a massive shift in power- out of the hands of nations states and governments into TNCs. In fact, by 1999 this sector compromised approximately 60,000 parent firms with other a half million foreign affiliates, which in 1997 accounted for one third of world exports. Today, the economic power of the largest TNCs is more than double the combined GDP of the poorest 100 countries.[14]

c) Trading free(dom)? Trade, labor, development, environment and rights

Following this idea that the Washington Consensus has not accomplished the promise of global development, today there is another source of controversy over globalization: this is the idea that in many cases commercial interests and values have superseed concern for the environment,

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[11] Weisbrot, Mark. The "Washington Consensus" and Development Economics. Draft prepared for the discussion at the UNRISD meeting on "The Need to rethink Development Economics", 7-8 Septmber 2001, cape Town, South Africa, p. 3
[12] Op cit.
[13] Stiglitz, Joseph E. Globalization and its Discontents. Norton, 2002, p. 16-17.
[14] Business responsibility, p. 2

democracy, human rights, migration rights, and social justice. This new world order has been designed to protect the rights and freedoms of transnational. (Further elaboration of the idea…)

PART TWO: CRITICAL EXAMINATION OF NEW TRENDS AND ACTORS TO REDRESS ECONOMIC AND SOCIAL DEVELOPMENT IMBALANCES IN THE CONTEXT OF GLOBALIZATION

The emerging trends in economic and social development are determined not only by the effects of globalization and its evaluation, but also by the Millenium Development Goals[15] -which sets the new parameters of social and economic development pledging a more human face of development- and the aftermath of the USA terrorist attacks.

The slowdown in the world economy has been aggravated by the terrorist attacks in the USA. According to the latest joint report of the UN Department of Economic and Social Affairs and the UNCTAD for the year as a whole, these are some of the effects: growth in the developed countries was the lowest in a decade; the economies in transition exhibited greater resilience but their average growth also declined; with the exception of the year following the Asian crisis, annual average growth in the developing countries as a group was also the lowest since the beginning of the 1990s[16].

These developments suggest that the current challenges are not only to ensure a prompt and widespread economy recovery from the current slowdown, but also to seek more balanced and stable growth in the longer run. The attainment of the Millennium Development Goals will require additional resources, new approaches and new partnership among all development stakeholders. Ahead some of the recent trends and efforts to sustain a longer-term agenda to ensure that developing countries and economies in transition can participate more effectively in the globalized world economy.

4. Trends and Actors

We identify two central, but not necessarily compatibly efforts: toward the economic recovery of developed countries after the terrorist attacks of September 11 and toward the integration of developing countries in the world economy. In both cases nevertheless, international trade and finance remain as the main vehicle for economic and social development, which unfortunately does not grasp the opportunities for a more sustainable, equitable, and democratic growth.

a) Sustainable Development: a new concept

The Brundtland Comission defines sustainable development as one that meets the needs of the present without compromising the ability of future generations to meet their own needs". This suggests that sustainable development should be viewed more as a process than a goal. Another formulation might be a process that minimizes the contradictions between economic growth,

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[15] The goals are: 1) eradicate extreme poverty and hungry; 2) achieve universal primary education; 3) promote gender equality and empower women; 4) reduce child mortality; 5) improve maternal health; 6) combat HIV'AIDS, malaria and other deseases; 7) ensure envirtonmental sustainability; 8) develop a global partnership for development; Source: http://www.un.org.milleniumgoals/indez/html

[16] Pink Book,

environmental protection and social well-being[17]. The Earth Summit of June 1992 was a key event in which this idea of sustainable development was introduced by focusing both public and corporate minds on the issue of environmental degradation and sustainable development. Since then, development agencies and actors concerned with promoting sustainable development have been joined in recent years by another player –private sector.

Indeed, he Summit's programme of action, Agenda 21, contained some 32 provisions related to TNC activities[18]. It called on the world governments, business, international development agencies and NGOs to work together to minimize the trade off between economic growth and environmental protection. The Rio Documents call for "participation" of various disadvantaged social groups and civil society organizations but fail to address the difficulties and obstacles that block effective participation and social mobilization.

In spite of the strong criticism to the World Bank, this seems the only Breton Wood institution that has recognized the importance of this approach to development and it is trying to pursuit, though the criticism to this institution focuses precisely in its ability to achieve it.[19]

b) Corporate Social Responsibility for Sustainable Development

During the 1990s several important TNCs and business associations not only jumped on board to the sustainable development idea, but also attempted to deal with it, specially because the regulatory role of the stated ceded place to "corporate self regulation" and voluntary initiatives as the approach for promoting the adoption of instruments and processes associated with corporate environment responsibility. Therefore, increasingly, big business is embracing the language of *corporate social responsibility*[20] and taking measures such as codes of conduct, certification, etc.

Some of the more powerful forces that drive corporate responsibility include the so-called "win-win" opportunities, the possibility of enhancing competitive advantage, "reputation management", pressure group and consumer politics, regulation or the threat of regulation, and changes in the way production and marketing are being organized globally.[21] While such "drivers" may encourage corporations to be more responsive to environmental and social concerns, there are various concerns:

- How effective will be the impact on development only through the promotion of "voluntary initiatives" and "partnerships;
- The problem of "institutional capture" as business comes to exercise influence over decision-making with the public sphere; and
- The fact that some voluntary initiatives and partnerships may serve to weaken key drivers of corporate responsibility –government regulation, collective bargaining and certain forms of social activism.

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17 Utting, Peter. Business Responsibility for Sustainable Development. Geneva 2000 Ocassional Paper No. 2, January 2000, p. 1.

18 United Nations Division for Sustainable Development. http://www.un.org.esa/sustendev/

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20 "… is the ethical behavior of a company towards society. It involves management acting responsibility in its relationship with other stakeholders who have legitimate interest in the business". Op. Cit p. 4.

21 Utting Peter. Business Responsibility for Sustainable Development. United Nations Research Institute for Social Development. Geneva 2000 Occasional Paper no. 2, January 2000. p. viii.

According to the International Chamber of Commerce counts more than forty codes of conduct designed to govern activities of global corporations in a bid to mitigate globalization's harmful aspects. These include the Global Sullivan Principles, the UN Global Compact, the Global Reporting Initiative, and the Organization for Economic Cooperation and Development (OECD) guidelines on Multinational Enterprises.[2] The OECD guidelines introduce the concept of good practice for multinational as well as domestic enterprises. They cover several key areas: transparency; promoting competition; prudent financial controls; labor rights; environmental protection; and patent rights. While the guidelines are comprehensive, their implementation procedures need updating and enforcing. Perhaps the most significant concern with some forms of voluntary initiatives and partnerships is that none of these efforts include mechanisms to hold companies accountable when they fail to comply.

This changing attitude of business is also reflected in the phenomenon of "partnerships". For instance, the UN-business relation has undergone a profound change during the past three decades and the number of partnerships involving business and the UN organizations has increased in recent years and. In recent years, these relations have entered a new era as many agencies and other UN bodies strive to develop partnerships with large corporations or projects and programmes funded by corporate philantropist.[22] Since 1997, there have been several development. These include, for example, the establishment of the United Nations Foundation with a one billion dollar grant from CNN founder Ted Turner; the formation of the Global Alliance for Vaccines and Immunization (GAVI) whose contributors include the Bill and Melinda Gates Foundation; and the Global Compact, which is explain ahead.

The Global Compact, launched in January 1999 by the UN Secretary-general Kofi Annan, challenged business leaders to enact nine core principles, which fall within three main categories: human rights, labor rights, and environment protection. The initiative was drawn from the Universal declaration of Human Rights, the ILO's Fundamental Principles on Rights at Work and the Rio Principles on Environment and Development. It is a list of precepts that the UN does not characterize as a regulatory instrument. It has explicitly adopted a learning approach to inducing corporate change, as opposed to a regulatory approach; it comprises a network from of organization, as opposed to the traditional bureaucratic form; and finally, there is no government role, and the corporation is responsible for regulating itself[3]. Perhaps the main strength of the initiative rests on its network approach, but its weaknesses on its learning focus[4]. A network action brings together all the relevant social actors to produce a new collective action but the learning approach lacks enforceability or negative consequences for non-compliance.

About this, Peter Utting suggests "rethinking regulation and partnerships". According to him, there is potentially an important role for certain form of "co-regulation". These may involve, for example, so-called "negotiated agreements" between government and business, and "civil regulation", where NGOs, consumers and trade unions have considerable influence determining the standards and norms shaping business relations with society and environment. Key to success of co-regulation are not only the 'soft' features of dialogue and compromise (e.g. UN), but also the "hard"

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[22] Utting, Peter. UN-Business Partnership: Whose Agenda Counts?. Paper presented at the seminar on "Partnerships for Development or Privatization of the Multilateral System?", orginised by the North-South Coalition. Oslo, Norway, December, 2000. p. 2

ones of government sanctions; laws related to disclosure and freedom of information, freedom of association and collective bargaining; and various forms of civil society protest.[23]

c) Reforming the financial and trade architecture to long-term development

The main efforts to redress the asymmetric impacts of the financial and economic infrastructure focus on sustain a longer-term agenda which seeks to ensure that developing countries can participate more effectively in the globalized world economy.

One of the efforts to reform the trade architecture is taken place at the WTO through its decision-making body, the Ministerial Conference, which has to meet at least every two years. The Ministerial Conference can take decisions on all maters under any of the multilateral trade agreements. So far there have been four Conferences: Singapore (1996), Geneva (1998), Seattle (1999), and Doha (2001). The round of negotiations at Doha, Qatar, has been characterized as the "dvelopment roud" because has the intention to rectify the imbalances from the past and address the challenges facing the multilateral trading system. The agenda contains three types of future actions and according to the Doha Ministerial Declaration, such negotiations are to be concluded by 1 January 2005[5]:

- Topics for immediate negotiations: agriculture, services, industrial goods, environment, anti-dumping, subsidies, dispute settlement, regional agreements, and fisheries subsidies;
- Topics for future negotiations that are subject to "explicit" consensus among WTO Members (scheduled for 2003): investment, competition, government procurement and trade facilitation.
- Issues for further examination in relevant WTO bodies: these are of special interest to developing countries and include the relationship between trade, debt and finance; transfer of technology; and problems faced by small and vulnerable economies.

This round certainly represents a victory for the developing countries, but Doha the developing countries only agreed to begin discussing a fairer trade agenda; the imbalances of the past have yet to be redressed.

A second effort to redress the imbalances started in Mexico, in March 2002, at the International Conference on Financing for Development[24], which had the overall objective of agree on a number of national policies and institutional changes that will improve the movilization of domestic resources for development within the developing countries. At Doha as well as in Monterrey issues that developing countries want to pursue were included and, at least, in theory, sustainable development is a principal objective of these efforts.

Additionally, there has been much greater international recognition that many of the poorest developing countries are trapped in a cycle of stagnation and poverty, and have been unable to benefit from globalization. At the end of the 1990s, there was a radical rethinking by the IMF, the WB and the OECD of the national and international policies needed to tackle the problems of poor

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[23] [23] Utting Peter. Business Responsibility for Sustainable Development. United Nations Research Institute for Social Development. Geneva 2000 Occasional Paper no. 2, January 2000. p. ix.
[24] United Nations. Report of the International Conference on Financing for Development. Monterrey, Mexico, 18-22 March 2002. A/CONF.198/11.

countries which were failing to prosper. They realize that unsustainable external debt was acting as a major impediment to growth and poverty reduction. As result of this thinking and the pressure put by NGOs they enhanced the initiative Heavily Indebted Poor Countries (HIPC) initiative. The problem with this is that even though the initiative has shown progress to date, additional efforts are required to mobilize resources necessary to implement the Initiative fully. Besides, current expectations that the enhanced HIPC Initiative will provide durable exist from the debt problem are unrealistic and have also to deal with national responsibility. [25]

But in the case of the so-called LDCs a new approach beyond debt relief has been introduced: the Programme of Action for the Least Developed Countries for the Decade 20041-2010, which was agreed in Brussels in may 2001. This new approach is being put into practice through the preparation and implementation of the Poverty Reduction Strategy Papers (PRSPs), which are the vehicle through which Governments are expected to elaborate their national owned poverty reduction policies, through which donors are expected to align their assistance for poverty reduction. Now, according to the UNCTD, although this approach is a major opportunity to achieve greater poverty reduction, the problem is that an "effective poverty reduction in situations of generalized poverty will require a bolder rethinking of policies which moves beyond the adjustment policies and towards long-term development strategies".[26]

At the international level, a framework for development cooperation between LDCs and their development partners includes multi-level activities in five areas: international, regional, macroeconomic, mesoeconomic, and microeconomic. [27] As example of these regional initiatives we find the European Union's Everything But Arms initiative, whereby Members States agreed to provide duty and quota-free access to most goods from the least developed countries (LDC); ideally, similar actions should be adopted by all developed countries.

Finally, it is important to mention that as a result of the discontent of the developing countries "over the failure of the developed nations to lower their restrictions on commodity trade, in 1964 the UN General Assembly approved the celebration of the first UN Conference on Trade and Development (UNCTD). Today the UNCTAD supplements the work of GATT by providing a forum that was focused on the needs of the developing countries; nonetheless, it continues to function within the framework of the WTO[6].

d) The ICT and the Digital Divide Corporate social investment

Another UN action to facilitate the integration of developing countries into the world economy is enhancing through the so-called public-private partnerships under the United Nations

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[25] Articulo de LDC/HIPC/ Foreign Affairs

[26] UNCTD The Least Developed Countries report 2002. Escaping the poverty. P. 199

[27] International covers: global markets for goods and services; financial markets (aid, debt, private capital flows); technology transfer; governance and the global economy; global public goods.
Regional: Trade and investment dynamics; technical cooperation; transport systems.
Macroeconomic: Monetary policy; fiscal policy; governance of the national economy.
Mesoeconomic: markets for goods and services; financial markets; inter and intra sectorial allocation of public expenditure; sectoral composition growth.
Microeconomic: individuals, households and their micro-enterprises; communities and non-governmental organizations; corporate strategies.
Source: escaping the Poverty Trap, p/ 208.

umbrella is the introduction of ICT for the development of poor countries[28]. The Administrator of the United Nations Development Programme, Mark Malloch Brown, called on G-8 leaders gathered in Japan this week to help the developing world take full advantage of the Information Revolution.

The current debate on the importance of access to ICT and its value in addressing global development disparities is part of this wider discussion on the potential benefits and risks of globalization. This is because ICT is itself a key enabler of globalization: the level and pace of global flows in physical and intangible assets have been dramatically boosted by the ability to connect vast networks of individuals across geographic boundaries, at negligible marginal cost. This relationship between ICT and globalization makes ICT interventions critical to development policy.

However, there is still considerable uncertainty about the nature of the relationship between ICT and development. Debate regarding the effectiveness of using ICT to help achieve development goals arises not only around questions concerning the evidence in support of a relationship between ICT and development, but also more substantially from inherent doubts about the relevance of ICT to achieving sustainable development and fears that investment in ICT will draw resources away from traditional development goals.

Still two questions are on the air: what can be done to regulate transnational corporations; are current trends associated with corporate social responsibility making a difference? The debate puts attention on the effectiveness "voluntary initiatives" such as codes of conduct, labeling, corporate social investment and improvements in environmental management. Some of the questions are: is the transnational corporations (TNCs) discourse on "corporate social responsibility" is being applied in practice? Do voluntary initiatives and corporate self-regulation constitute an effective alternative to government and international regulation?

e) Social actors for development in a globalized world: NGOS, trade unionist, civil society.

Non-governmental organizations, grassroots organizations, social movements, and other forms of civil action are emerging as the main contra-power of corporations. These various forms of local self-organization are defending or improving access to resources, income and services and are exploring the challenges inherent in the triangular relation between the international development community, nongovernmental organizations and national governments.

Some important examples of the achievement of these actors and movements are for instance the participation of NGOs from other OECD countries in some of the "harm reduction" strategies that have so far been put forth within the United States, and the pressuring of their governments to push for changes within the IMF and the Bank; the movement for debt relief, in which European organizations played a major role, forced the IMF and WB to adopt the above mentioned HIPC initiative in 1996; the Jubilee South Movement which called to debt cancellation; or the protest at the Seattle ministerial meeting in December 1999, which heightened public awareness of globalization and the WTO.

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[28] UN General Assembly, 56th session. Responding to Globalization: Facilitating the Integration of Developing Countries into the World Economy in the 21st Century CRP 1, 2, September 6 2001, p.1.

The debate here is what can be done to increase the accountability of international development NGOs and improve their relations with actors in the South.

5. The "missing links" to successful social and economic sustainable development in a globalize world

Proposals are needed on the structure, powers and resources required by the new world institutions for the implementation of the development agenda for the future. For a successful economic and social development in a globalized world three key strategies have to be pursued: sustainability, national and international governance, and human development. (further elaboration)

a) Redefinition of Development: GDP vs. Human Development

Here I will make reference to the valuable report of the UNDP about Human Development Indicators.

b) Good national governance for development: democracy

c) Good international governance for development: New institutions?

What can be done to make organizations like the IMF, WB and WTO more democratic, transparent and accountable; should they continue to exist? I will examine the decision-making process within the international and national structures, fundamental to understand social and economic inequalities. For instance, even though the WTO tries to operate by consensus, its large membership makes that process, thought democratic in principle, unwieldy and exclusionary in practice, leaving many developing countries without a voice. I will also talk about the dispute settlement mechanism at the WTO, which has been quite effective, but its operation has been less transparent than it could be.[7]

d) Internet Governance

As the global Internet becomes ever more significant for cross-border commerce and communication, nation-states are increasingly deferring to these organizations, either for guidance in harmonizing national lawmaking or for the actual creation of binding decisions. These entities are making policy that once would have been made by nation-states through traditional processes of legislation and administrative rule making. Fort instance, the Markle foundation has supported a $532,000 independent, international study of ICANN's "At-Large" election and governance structure. This study of ICANN's elections is an important part of a process that aims to create greater transparency and stronger representation of the public interest in ICANN, and for Internet governance more generally.

Conclusion

a) Different Context than 1945

b) New Issues, new institutions, new actors

c) New thinking: Change of Definition of Development, Governance oversees regulation; and Development economics.

According to some analyists currently there is a great debate among economists and analysts on these failures and perhaps they could play an important role in public debate and maybe opening opportunities to create space for "development economics" instead of "

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[1] World Trade Organization. 10 Common Misunderstandings about the WTO. The World Trade Organization (WTO) Website: http://www.wto.org
[2] Knight, Daniel. Environment-Finance: Corporate Codes of Conduct Deemed Insufficient. June 13, 2001. Source: http://www.globalpolicy.org/reform/2001/corpcode0613.htm

[3] The United Nations. The Global Compact: Corporate Leadership in the World Economy. 2001
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[4] Ruggie, John G. The Theory and Practice of Learning Networks *JCC5,* Spring 2002, Greenleaf Publishing pp27-35.

[5] The World Trade Organization (WTO) Website: http://www.wto.org

[6] Ziring, Lawrence at. All. The United Nations: International Organization and World Politics. 3rd. Ed. 2000
[7] Deardoff, Alan V. et. all. What the Public Should Know about Globalization and the World Trade Organization. Research Seminar in International Economics. School of Public Policy, The University of Michigan, Discussion Paper No, 460. July, 2000.