

## Dealing with THE GLOBAL ECONOMIC CHALLENGE



*Crisis can be a time of opportunity. How can this crisis spur us to create economies and policies which enable the developing countries to thrive and the developed to become sustainable?*

**Sir Richard Jolly** UK, former UN Assistant Secretary-General

Crisis has often proved to be an opportunity – during the Great Depression, at the end of the Second World War and so forth. Crises need not only be international, national or political. They can be personal. As Barbara Ward once said, Saul on the road to Damascus, St Francis stripping off his rich clothes in Assisi, Peter the Great launching the Great Reforms in Russia, these are all cases of individual crisis which were turned to opportunity.

Looking at the present crisis, we have to ask ‘Whose crisis?’ At the Institute of Development Studies where I am in Sussex, we have had a research project in the last few months looking at how the present economic and financial crisis has been affecting different countries and different groups of people within those countries. There is no simple pattern. The conclusion therefore is that one must build actions to tackle crisis in relation to the different realities. We must also ask ‘Which crisis?’ – mostly the media have talked about an economic and financial crisis, but there are many other crises which have economic origins and present future challenges – climate change, global poverty, the widening economic and social gaps in the world which in many cases have risen to historically unprecedented levels. So I am very glad that so many in this meeting have mentioned the need for social justice.

Then there is the crisis of human security. The ideas of human security were first presented in UNDP’s *Human Development Report* of 1994, still worth reading. It presented the challenge of how to reduce military spending on outdated problems such as protecting national borders, and instead focus on actions that would ensure greater

security for people – including such insecurities as gender inequalities and gender violence.

The setbacks of the current crisis have a lot to do with the way international institutions have operated over the last 25 years. The dogmas of globalization, the dogmas of the Washington Consensus and other rules and regulations of the global economic and political system not only set the stage for the current crisis but over the last decade have allowed power, economic interests and dictatorial rule so often to trump democracy human rights and human concerns.

So what needs to be done? I have three points.

1. Values of human rights and human development must be brought into the international economic system. At present international economic governance is ruled by values of market efficiency and financial returns. These narrow economic values have been forced onto many poorer countries as conditions for obtaining loans from the IMF or the World Bank – or for joining the World Trade Organisation.

2. The international system must be made more democratic. Global governance needs representation of all countries, not just the G8 or the G20. What about the G192? Two weeks ago there was a meeting of the G192, organized by the UN. As far as I know, only one newspaper in Britain even reported this event. Yet Joe Stiglitz, the Nobel prize-winning economist, had chaired a high-level commission in preparation for the conference. This had made specific proposals for debate, many dealing with issues of social justice neglected in the previous meetings of the G8 or G20. Yet the UN

conference for the G192 was attended by mostly low level officials from the developed countries. A tragic missed opportunity. We need global democracy.

3. We must not waste the opportunity presented by the present global crisis. We need a new approach, a new paradigm that combines not just efficiency but also concerns and goals for sustainability, stability, human rights and equity. The challenge of the 21st century is to see care of people and care of the planet extended on a global scale. We need to think boldly. But as Barbara Ward said, 'Our visionary perspective is the true realism and that is what we must pursue.'

### **Sir Richard Jolly**

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