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UN Notebook

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A new weapon in UN arsenal against poverty

UNITED NATIONS --Why Kofi Annan doesn't have a larger, more enthusiastic following in Washington is hard to understand, given that, as UN secretary general, so many of his ideas stand comparison with the standard US political-economic playbook, including his evident belief in the sanctity of free enterprise.

Helped, no doubt, by the fact that Russia has abandoned central planning and has already produced its first sizable crop of multimillionaire entrepreneurs, while booming China continues its strange balancing act between capitalism and Marxism, Annan evidently feels free to promote ideas that, if expressed by them, might have gotten most of his predecessors in a pack of trouble.

That was then and this is now.

Today, there is a "rapidly growing partnership" between the UN and private business, he observed at the week-end when he launched yet another attempt to encourage entrepreneurship in developing countries, where government tampering in many places has messed up entire economies, added to the numbers of citizens living in abject policy and dismally failed to fill hungry bellies.

An entity titled the Commission on the Private Sector and Development is a new UN vehicle, employing the mechanisms of free enterprise, to try to turn around developing countries mired in misery as a result of decades of discredited economic and political philosophies and failed government policies, not to mention squandered billions in foreign aid.

Annan has tapped a couple of stars to head the commission: Ernesto Zedillo, the former President of Mexico currently serving as director of the center on globalization at Yale; and Paul Martin, the former finance minister of Canada who is a Liberal member of its parliament. Mark Malloch Brown, the energetic administrator of the UN Development Program, is another member of the topflight leadership team.

Zedillo is no stranger to the UN, having been enlisted by Annan to head the research effort on trade and financial issues that grew out of the goals endorsed

by heads of state at the Millennium Summit. The new commission, said Annan at the launch ceremony, underscores the importance of a UN-business partnership in promoting those targets, which he called "a blueprint for building a better world in the 21st century."

"We cannot reach these goals without support from the private sector," he said. "Most of all, we cannot reach them without a strong private sector in the developing countries themselves, to create jobs and build prosperity."

In his remarks, he spoke of the Global Compact, a corporate citizenship initiative now just three years old that grew out of a speech he made at the World Economic Forum in January 1999. In a world obsessed with violence and beset by recurring crises, you won't read or hear much about the compact in the media today, but apparently it has been plugging away with quiet success.

A high-level meeting of representatives involved with the compact is planned for next June at the UN. Meanwhile, it's been announced that more than 1,000 corporations now are participating in this beneficent worldwide enterprise, working with international labor, civil society and others to advance the compact's nine principles of good corporate citizenship, which cover such areas as human rights, fair employment practices and respect for the environment.

More than half of those companies, be it noted, are in developing countries.

This is the good news. There's a downside. Addressing the summer session of the UN Economic and Social Council at Geneva recently, Annan reported that more than 30 poor countries have seen their per capita income fall in each of the past two years. "And few can now expect to enjoy adequate growth again before the end of 2004," he lamented.

The secretary general's views about the wisdom, or lack thereof, of invading Iraq are well known, as is his unqualified support for vigorous national and international action to combat terrorism in all its forms. But these are matters he did not allude to in Geneva when he deplored the failure of nations to meet development deadlines and amend their economic policies to help the poorest countries.

"The time has come for all parties to show more flexibility and give priority to the global interest," he said. To bring about important change, two doors must open: "The door to markets in the developed world and the door in developing countries that internal barriers too often keep closed, stifling the entrepreneurial energies of their people."

A major obstacle is the system of domestic agricultural subsidies in countries like the US and France, among others, that places developing countries heavily reliant on commodity production at a severe disadvantage. Annan called on developed countries "to allow agricultural products from developing countries to reach their markets unimpeded by direct or disguised barriers such as subsidies."

All this, he said, could happen only with a real commitment to bring rural development back to the center of the development agenda.

"Nowhere will our commitment be put to the test more than in Africa, where food insecurity and AIDS are working in vicious tandem," Annan said.

Ernesto Zedillo, too, touched on the subsidies question in his remarks at the launching of the new UN commission Friday. After touting private investment, democracy and the rule of law, he said, "We also need free trade."

Among the commission members are Carly Fiorina, the head of Hewlett-Packard who is also one of Annan's Global Compact signatories; and Rajat Gupta of McKinsey & Company, the management consultancy.

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