

Terrorism and Poverty

1. The world scenery, especially since the end of the Cold War, is increasingly characterised by acts of violence and warfare no longer fitting into the traditional clear-cut scheme of war and peace. We find a mixture of overlapping civil warfare, terrorist and organised crime activities. The actors, generally without any public legitimacy, have privatised power and are recklessly exploiting it for selfish interests. The brutal terrorist attacks on New York and Washington have opened a new dimension in this warfare showing the high vulnerability of modern civilisation vis-à-vis a new bloody “front” opened by a more or less invisible and untouchable enemy not easily to be targeted.

2. The events of September 11 have demonstrated that our perception of security has to be reviewed: the attacking terrorist forces are exploiting the new global communication networks. They are mushrooming, they can hurt and violate efficiently important segments of the society and its infrastructure by combining conventional means of destruction, which can be handled relatively easily. The traditional military instruments, even those of a superpower, are not offering an appropriate answer to this threat. A military built-up no longer guarantees security for the citizenship.

3. A climate of uncertainty and general fear can easily be created, endangering and paralysing public and economic life. There arises an increasing pressure for law and order as well as a stricter control of private and public life in order to guarantee security. A reasonable balance between order and freedom has to be found, if not terrorism in the end will reach its goal of destroying our liberal society by undermining civil rights. Another danger has to be faced: in forming alliances against terrorist forces, powers might be included which themselves are violating human rights and exerting suppressive rule. Who is terrorist, who is freedom fighter – this question in many cases cannot easily be answered.

4. Another lesson can be learned from the terrorist attack in New York and Washington, a lesson especially painful for the United States, seeing itself traditionally as a powerful secure haven in a world of conflicts and violence: there no longer exists isolated peace and stability in the “global village”. There only exists a common security for all. So the US society, more or less focused on the interior, has to realise that there exists no longer a “fortress” America being able to defend itself against any threat. Therefore the Superpower US needs partners in this global struggle which primarily cannot be won by military means. A global security policy has to be developed to which UN structures, to be strengthened for this purpose, will have to contribute substantially. Efforts to stop proliferation of weapons (from small to ABC) have to be intensified by an efficient regime of arms control and weapon exports.

5. Above the military dimension, this “battle”, if to be fought successfully, is requiring international co-operation in many fields - and in first place it needs a thorough analysis asking for the reasons of this widespread violence. The breeding-ground can clearly be determined: where ever discrimination, suppression and exploitation are exerted, be it for ethnic, religious or socio-economic reasons, a potential for frustration and conflicts is built up. However, we have to be aware that overcoming poverty does not guarantee the absence of conflicts and violence, but poverty in connection with manifold prevailing animosities and discrepancies are likely to escalate into devastating violence and conflicts – as history and present times are demonstrating so convincingly.

6. Overcoming poverty, an efficient economy producing the means for a sufficient living standard is needed. This economy is characterised by specialisation and division of labour, the market mechanism necessary to co-ordinate and adjust effectively the aspirations and

activities of the participants of the “economic game”. Therefore overcoming poverty primarily requires people having the opportunity to get access to the market where they can offer their labour or the goods and services they have produced, thus getting the chance to generate income.

So overcoming poverty, in first place, we have to ask the following questions: Why is there no market? How can markets be developed? Furthermore: What should be done to enable people to join the market?

A setting of various political, social and cultural conditions has to be met in order to establish market structures and a market culture. Defining them, simultaneously means to explain why they are missing and why poverty is a widespread phenomenon.

7. The political framework: Indispensable for economic transactions are political stability and a rule of law including the guarantee of property rights. Only under these conditions the entrepreneurial potential of a society can be activated. This requests the willingness of the political power groups to accept the rise of entrepreneurial middle classes – in the long run laying ground to a civil society demanding civil rights and participation, thus in the end questioning authoritarian power positions. This process of political transformation from dictatorships or authoritarian regimes to democracy has e. g. evolved in South-Korea and Taiwan and is likely to happen in China. In these cases the political classes want economic development to stabilise their power, but in the end their dominance is overthrown by the middle classes which inevitably arise within this process. Hegels “List der Vernunft” (cunning of reason) is here at work, as happened in Western history during various “bourgeois revolutions”.

We also have to remember that the fall of the Soviet Empire, in competition with the efficient Western market economy, was caused by the inability of a central non-market system to solve the “economic question”. And the main obstacle for the economic restructuring is primarily – especially in the former Soviet Union - the weakness of the entrepreneurial middle classes and the civil society which had been suppressed and widely destroyed during the decade-long totalitarian rule.

Obviously the fear of losing power is the main reason why in many regions of the world ruling political classes are not interested in the building of market structures and the forthcoming of entrepreneurial middle classes. The same is true for religious motivated power structures, fearing the process of political, social, economic and cultural change will undermine their influence.

8. The socio-economic framework: A religious-cultural environment is necessary which favours individual economic activities. Of crucial importance is education imparting skills and qualifications. Especially education and empowerment of women are needed, who in many regions of the world are carrying out the main economic activities.

In this context it has to be realised that human well-being (the absence of poverty) not only is based on market income, but wealth and prosperity have to be measured in a wider sense, taking into account educational, health and environmental standards. We know from national accounting that the GDP does not mirror the reality of individual and collective well-being. The “rich” materialistic societies meanwhile are realising that their path of economic development, mainly driven by individualistic “pursuit of happiness”, has led to various deficiencies concerning social cohesion. Closing these gaps mainly by financial redistribution via complex state-run social security systems doesn’t seem to be a satisfying solution. So there is a general feeling that a non-materialistic restructuring of society aiming at more solidarity should be strengthened. “Poor” societies very often still have structures of solidarity at their disposal being able to deliver these important “services”. Hence all efforts should be undertaken to maintain this “social and natural capital”.

9. The global framework: Information and communication technologies have widened the markets and given way to the built-up of a global economy. So integrating the developing economies of the South into global markets is of utmost concern. For this purpose they need the support of the rich “global players” who are representing more than 80 % of the economic power in the world markets.

In first place the wealthy regions have to abolish the manifold protectionist barriers which still exist vis-à-vis the emerging economies of the “South”. There lies much hypocrisy and incredibility in the rhetoric of the “North” pressing for globalisation (i.e. opening of markets) on the one hand, but on the other hand protecting their own markets against competition from the “South”, as it happens traditionally in agriculture and textiles, but meanwhile is expanding into other fields of new emerging industries in the “South”. In this fierce and rather emotional debate on globalisation the main criticism is uttered in the “North”, primarily arguing that the globalised markets are causing problems for employment, environment, destruction of cultures etc. In contrast to this defensive position, the “South” seems to show more interest in the opportunities global markets are offering for its emerging industries.

10. So the philosophy “trade is better than aid”, should have clear priority, even though it sounds simple. But of course aid is necessary too – on different levels. Building economic structures, not forgetting rural development, has to start from bottom-up, developing local markets by supporting small scale private and co-operative business with training, education and loans. This requires a shift of emphasis from spectacular big projects to less visible mushrooming activities. This form of aid only can be efficient on a co-operative basis. It requires political structures in the “South”, willing and able to support and promote this path of economic and social development. Also the involvement of civil society and NGOs can be helpful in this process.

The donors, be it national governments in the “North” or multilateral international institutions, have to support this socio-economic development by adequate educational, technical and financial aid, preferably using the productive potential of the widespread NGOs’ network. Admittedly the volume of the official development aid to the “South” has declined in the last decades, contrary to all promises, but at least we have learned that in general “big aid” has not been very helpful, even counter-productive in many cases.

11. A special responsibility lies with the trans-national corporations. They constitute important actors of establishing economic structures in the emerging markets of the “South” by transferring capital, technology and management know-how. Big business with its global transactions is being met with strong criticism in the “North”, whereas the “South” tends more to a positive view in this matter, clearly seeing the potential for economic development the engagement of the trans-national corporations is offering. Of course, the starting point for this engagement often is given by “cheap labour”, but in the end business only profits from developed prosperous markets. Therefore fragmentation of markets in many regions of the “South” constitutes a main obstacle for economic development. Regional co-operation and integration is required to shape attractive markets for foreign investment. In this context it has to be reminded that in history of economics all successful catching-up processes of late-comers have been driven by “foreign” investment of capital, technology and management know-how.

12. No doubt, the most critical aspect of globalisation is connected with a still unsatisfactory regime of the global financial markets. The volatility of capital flows is causing many destabilising turbulences. The growing prosperity in the “rich” societies have contributed to this volatility. The capital markets have widened as many more additional participants and players try to raise their income by gains from capital investment. Naturally players are primarily interested in short-term profits, thus giving the capital markets a “casino” character. Obviously, this share-holder value attitude does not correspond with the long-term

requirements of sustainable development. So the crucial question is: when will the participants in the capital market learn that long-term profitability of investment only is given if criteria of political, social and environmental sustainability are taken into account? Do the latest turbulences in the financial markets open a chance for learning? Aside this behavioural challenge, we have to be aware that the financial markets urgently need an improved framework of international financial institutions.

13. More economic growth and higher living-standard in the mass markets of the “South” naturally will contribute to increasing consumption of natural resources which so far is done up to 80% by the “rich” societies of the “North” – causing a degrading of “nature capital” and thus violating excessively the principle of sustainable development. So it is vital that the economic built-up and development in the “South” will not copy the present western life-style. Where this model will lead to has been impressively demonstrated in the “Tiger economies” where rapid “traditional” growth went along with disastrous violation of nature and environment. It seems so that the Chinese Government is aware of this danger when pushing for economic development.

So the rich societies in the “North” have a special responsibility: They have to develop an economy which leads to a dramatic de-materialisation of the economic processes – in the end something like a factor ten is needed. To this substantial increase of resource-efficiency new technologies have to contribute, but aside efficiency also sufficiency is urgently needed. This requests a change of life-style – more focussing on to be than to have.

So in the “North” we have to restrict consumption of nature. This can be done voluntarily by the consumers asking for sustainable products (should not the upper classes - with high income, educated and knowing about the necessity of sustainability - use their considerable purchasing power for this purpose – thus pushing the transformation to “green markets and a sustainable economy). This transformation also can be enforced by (unpopular) eco-taxing (in democracies asking for a majority of votes) or by investment decisions of business (backed by long term share-holder value interests -anticipating that future profitable markets have to be sustainable). A special responsibility lies with the trans-national corporations being the main carrier of technology transfer to the emerging markets in the “South”.

14. A vivid controversial debate is carried out on the impact the advancement of Western civilisation and consumption culture has via the globalised markets on the grown diversified cultural structures. There is a general fear to lose this diversity. A sober analysis of this matter tells us, proven in thousands of years during history of humankind, that there never has been a guaranty for cultures to survive. There always have been competition, rivalry, and fights between the various cultures: some were defeated, others vanished, others survived by a process of innovation, adaptation or amalgamation. The cultural scenery never has been static, but has undergone a permanent change.

The advancement of Western life-style via the globalised markets of goods, services, information and entertainment is based on its attractiveness and persuasiveness. Of course, this life-style contains many challenges to existing cultures and value systems. But those who are criticising are themselves taking advantage of the comfort which this life-style offers. This not only relates to the cultural-intellectual élites of the western world. But also traditional élites or classes in the “South” are quite familiar with the advantages of western civilisation even though they for various reasons have to defend “their” value system against the western “attack”. It might sound provocative but would it not be better, if young people in the “South” would have the chance to be part of a “McDonald” civilisation instead of fighting with Kalashnikows for what ideologies so ever.

If citizens, where ever they live in the “global village”, want to take advantage of closer communication and networking they have to agree to a global civilisation which requests common pattern of attitudes and values, allowing free communication and co-operation. All

cultures, whatever their distinctions might be, have to comply with these standards if we want to have a peaceful and prosperous world.

15. Overcoming poverty requires a strategy taking into account the comprehensiveness and complexity of this challenge the above mentioned considerations have hinted at. Instead of criticising globalisation for causing poverty which is not proven by reality – and the vigour of this criticism does not make economic laws invalid - we should exploit the opportunities a globalised economy is offering to create prosperity for all participants in the global markets. And globalisation does not necessarily lead to uniformity as global players have to realise that all markets in the end are local or regional due to diversity in culture and mentality. So if global players want to profit from global networking they have to integrate and differentiate simultaneously. Thus globalisation forces business and other global acting institutions to develop a new culture of global management and governance.

In this context it also has to be stressed that globalisation of markets contributes substantially to peace, because of growing economic interdependencies all participants of the “economic game” must vividly be interested in global political stability. As terrorism is a vital threat to peace and stability, abolishing terrorism has to be one of the main goals of international policy.

16. Fighting poverty is a task in which many actors have to take responsibility and actions. We have to address the governments and political classes in the “South” to deliver the various conditions indispensable for socio-economic development. But also the “North” has to do quite a lot of home-work, the same refers to the business sector and to the various international institutions. NGOs too, can play a stimulating and pushing role. Maybe by brutally revealing the abyss humankind is facing, the incalculable threat of terrorism forces us to act within a global co-ordinated strategy.

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