Affluence and Poverty in a Globalizing World

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1. The Global Ethos Context

It is time to rethink the perennial question of affluence and poverty in the context of a Global Ethos, that is, in the context of the emergence of a new ethic in a world that is rapidly globalizing. By this I mean not just that the whole world has now become the stage on which the differences between wealthy and poor are being played out, but also that we are entering an area in which the pace of globalization of business interests, of environmental challenges, and of geopolitical strategies is increasing. By Global Ethos we mean the set of shared ethical values developed through the globalization process. Rather than a set of rules imposed from above, an Ethos can be defined as a set of values supported as lived experience and as a common commitment. In the last decade, several proposals for a Global Ethos have been made. In the *Declaration Toward a Global Ethic*, put forward by the Parliament of the World's Religions and by the Interaction Council, we find economic fairness as one of the four key points: "We must strive for a just social and economic order, in which everyone has an equal chance to reach full potential as a human being" (Kung 1996b, 11). The global economic system, and the global distribution of wealth are thus considered to be a cornerstone of a global ethical system.

If we take a look at the ethical discussions surrounding the global economic system, we find that three issues have been much in the news in the symbolically charged year 2000. First, a new role is being sought for the IMF, and to a lesser extent the World Bank. The IMF has been chastened by criticism about its role in deepening the Asian Crisis and by the failure of its long-term Structural Adjustment Policies (SAPs) program. Its "lack of transparency" has been pointed out, and its function and survival have been questioned by, amongst others, the US Secretary of the Treasury, Larry Summers. While it is clear that these Bretton Woods institutions have long outgrown their original task and mandate, a lively debate is now taking place about what their role, structure and accountability should be in a global world. Many voices have now joined this debate, including governments, NGOs, and protesters in Seattle, Washington, and Prague.

Second, debt forgiveness has been put on the global agenda at the Bonn and Okinawa G8 summits, through the HIPC (Heavily Indebted Poor Countries) initiative, and through the efforts and consciousness-raising of the Jubilee 2000 debt relief campaign. The public at large is becoming aware of the crippling nature of the debt burden of many poor nations, and of the tragic toll on the health and welfare of their populations. Pressure is being put from various sides on the lenders and the governments that represent them.

Third, the whole structure of development Aid is being redefined because of a growing awareness that economic growth is intimately linked to fundamental health concerns, to education, and to social, political, and financial stability. Examples of this range from the recognition of the effects the AIDS crisis has on economic growth and development worldwide to the creation of pollution reduction mechanisms involving energy plants in developed nations sponsoring emissions controls in developing nations.

These three significant changes point the way to a new perspective on the kind and amount of Aid available, on the function of the institutions responsible for administering it, on how these institutions will be funded, and on what their political decision-making process will be. Moreover, keen and continuing interest of civil society for the widening gap between affluent and poor countries and for the whole development Aid issue is crucial for consciousness-building, NGO support, and putting pressure on governments. When we see the enormous changes in concrete measures brought about by the global growth of environmental consciousness in the last three decades, we can at least hope that similar consciousness-raising can be undertaken for poverty reduction.

First, we must debunk the oft-used argument that there simply isn't the money for significant assistance to developing countries; to argue that it is a question of means is disingenuous at best and obscene at worst. The amount of Aid needed to tackle specific crises, such as US$ 2.5 billion per year to make a real dent in the AIDS problem in Africa and to mobilize the development of a vaccine, is less than the daily stock-market valuation *fluctuation* of many companies and of the personal fortunes of Messrs. Gates and Ellison. There is of course a real difference between stock market valuations which are virtual amounts based on stock price, and "real money" needed to invest in programs; however, the point here is to compare the general amount of funds.

Moreover, money spent on development Aid is not just wasted, thrown away, it does not suddenly disappear through some black hole but stimulates the global economy as well as the economy of the donor to such an extent that to "give" away makes sound economic sense in terms of technological growth, employment, spin-offs, and a variety of side benefits. This is the argument of Keynesians who seek a strong and visionary investment role for government in stimulating economic growth. There is every reason to believe that it works just as well in a global context as in a national one, producing a kind of global Keynesianism. Indeed, who would argue today that the Marshall Plan for the reconstruction of Europe was a terrible waste of money? The sums to be made available for global Aid, to be invested in visionary programs such as AIDS and malaria vaccine research, for the building of economic and social infrastructures in developing countries, while not small in absolute terms, are relatively modest within the context of the economies of developed countries and the vast amounts of wealth created over the last decade.

Generosity is a global ethical value, which is common to all the major religions, including Christianity, Islam, Judaism, and Buddhism. Often the figure suggested is that a tenth of one's income be given away to Church or to charity. But who of us today give 10% of our income, or even 1%? 1% of government budget used to be the Development Aid target for developed nations, but it has now been lowered to 0.7%, and few countries achieve even that. Instead of global generosity, we find a growing reluctance in many countries to make more money available for Aid, for crisis funding, and for global agencies including quite famously the United Nations itself. Much of this reluctance stems from a perception that much of the money is misappropriated or wasted. We are confronted with headline-grabbing stories about squandered funds and opportunities, with reports that as little as 20% of donated money reaches its target, and with news of colossal failures of misdirected projects. There is also the well-documented phenomenon of donor fatigue, caused by daily reports about famines and refugees and health crises for which urgent funds are needed.

2. Development Aid

During the last 20 years, we have seen a rapidly widening gap between the rich and poor, both within countries and between countries. The reasons for this are continuing technological development combined with economic growth, together with a marked shift to liberal economic policies stressing the "free market", and a falling out of favor of redistributive practices. Wealth has tended to gravitate to the top, so that even in countries with sustained economic growth the most affluent sectors of the population have taken the largest share of the increase, and ever-larger segments of the population are being left behind. The same is happening internationally, with certain countries, especially in Africa, falling off the map completely in terms of economic significance and international concern.

In oft-quoted figures, 1 billion people live on less than US$1 a day, and almost 2 billion more on less than US$2 a day. This makes the yearly spending power of almost half the world's population equal to the valuation of the 450 or so dollar billionaires in the world (George 1999, 11). While this is a strange comparison, it does highlight the stunning extent of the income gap. A more general figure is the difference in wealth between the developed and the developing world: measured at 30 to 1 after the Second World War, it now stands at 70 to 1 (George 1999, 33).

The huge and worsening Third World Debt problem has many causes. Money was often borrowed for the military or for prestige projects, or to support dictatorial regimes. In some cases, much of the capital influx immediately left the country in the form of capital flight. The problem was exacerbated by high interest rates in the late seventies, the two major oil shocks, and the collapse of the value of Third World export resources on the global market. For African and Latin American debt, what it adds up to now is that most new borrowing merely serves to repay interest on old debt, and that there is a net flow of funds to the North (George 1990, 1999).

There are many different forms of what we call development Aid. There are straightforward gifts, usually with strings attached or with some portion of it in kind rather than in currency. This is the case with disaster relief Aid, different forms of charity, and most Overseas Development Aid (ODA). The financial side of development Aid is covered by development loans, disbursed either through bilateral agreements or through World Bank projects. Debt repayment schemes and financial backing to secure currencies are usually orchestrated between governments, private banks, and the IMF. The amounts given in loans and that need to be paid back to First World banks, even taking into account debt forgiveness and bad loans, dwarf the amounts of straightforward gifts, and now stand at around 1.8 trillion dollars. Preferential access to markets is often considered a form of development Aid, and arguably the most important from the developed world's point of view (Bello 2000). Finally, technological transfers can help to develop nascent industries and give developing countries a chance to "leapfrog" production techniques and old industrialization patterns. Technology transfers are thus important not only from the perspective of development assistance, but also for ecological reasons in the quest for sustainable development.

Economic growth and more wealth does not necessarily mean the lot of the poor improves; apart from the distribution of wealth, there are many other factors that contribute to quality of life such as safety, health, political freedom, the availability of education and work, opportunities for leisure and so on. Progress can be measured not just by broad economic factors such as GDP and growth rates but also by the options, choices and possibilities that development gives to people. According to Mahbub ul Haq, who developed the United Nations Development Program (UNDP)'s Human Development Indicators (HDI), "human development has four essential pillars: equity, sustainability, productivity, and empowerment" (Haq 1999, 21). More recently, Amartya Sen has concentrated on development as a set of social, educational, political, and economic freedoms (Sen 1999). These and other proposals point to the interconnection between purely economic or financial indicators and broader indicators of social welfare, and indeed they are valid for both developing and for developed nations.

3. The Global Financial System

The global financial system, spurred by the globalizing tendencies of the last few decades, has many positive sides. Technological development, efficiency doubling roughly every decade, and expanding trade have led to a consumer boom and an unparalleled level of affluence in developed and newly industrialized countries. The rapid growth of communications and travel have brought people together and furthered the globalization of economies, workforces, consumption patterns, and cultural values.

The new economy is an economy in the making, and no one knows what the results of such a global experiment will be. Borderless investment flows and the lifting of capital controls have increased trade, but exacerbated the wealth gap and led to serious financial crises. In many fields, the ongoing mergers of the world's largest companies are creating transnational oligopolies of economic behemoths. A speculative hedge fund supported by star economists had to be bailed out against all the free market principles of its investors to safeguard the financial system. New sets of financial instruments such as hedge funds, futures, and derivatives, as well as round-the-clock and Internet trading are changing the nature of investment flows and of market valuations.

This global financial system is both powerful and fragile. Speculative flows lead to exchange rate instabilities, which have far-reaching repercussions on businesses and governments. Stock-market bubbles create inflated valuations and leave a trail of bad debt when they burst. Interest rates variations affect everyone with debt, including homeowners, businesses of all sizes, national governments struggling with internal deficits, and developing nations struggling with external debt.

The current state of the global financial system presents a set of problems both for the developing and for the developed world. The developing world is suffering from a heavy debt burden, with many nations paying as much as half of export earnings to service debt, and cutting social and health services in a vicious circle of deepening poverty. The debt problem and lack of privileged access to markets is leading to stagnation or even to negative growth, with many countries much worse off today than they were ten or twenty years ago. Disintegrating social and health care systems lead to hunger, disease, and premature death on a vast scale, and foster political and religious extremism, intolerance, which in turn lay the ground for civil war and even genocide. On top of this, heavily indebted countries either pillage their own natural resources in a desperate bid to raise foreign exchange or lack the means to control and protect them, leading to ecological disasters which will affect all of us.

The problems that the current global financial system causes for developed countries are of a different kind, and mostly have to do with instability and loss of sovereignty. The global financial system is headless, since the international institutions and structures to deal with the problem are inefficient or out of date. The IMF was originally designed to guarantee exchange-rate stability, but is no longer capable of fulfilling that function, and has not been updated or replaced. Instead it has shifted to administering loans to developing countries. Vast speculative currency flows of 1.5 trillion dollars daily thwart the efforts of central banks to control currencies, while offshore accounts, money laundering, capital flight, and transnational corporations evading national taxation are challenging national sovereignty and the ability to conduct economic policy. In short, the financial system has gone global but economic theory and policy has not (Greider 1997; Haq 1999; Henderson 1997, 1999).

The world has not seen much overall growth in the last twenty years: most developing countries have stagnated, while some of them have gotten much worse or disintegrated completely. Many developed countries have had economic growth but often at the cost of diminishing social and environmental indicators. Some countries have made rapid economic, social and political growth (the Asian NICs), but even that has been jeopardized by the recent financial crisis. Only one group has done very well, whether in the North or the South: the top 5 or 10%, the financial elites, which have increased their share of overall wealth and strengthened their control of the economy. But worsening economic distribution has also contributed to increasing crime, economic migration, and political and religious extremism. It could even be argued that even the quality of life of the financial elites has not improved as much as their real financial gains suggest: elites in both developed and developing countries have had to take refuge against the social ravages of poverty behind heavily protected gated communities.

The present economic system has many merits, but it cannot guarantee work, either in the developed or the developing world. In fact, we have seen the loss of the concept of work as a fundamental human striving that provides the potential for development, as well as dignity and independence. Unemployment, underemployment, and misemployment (such as garbage hunting) can add up to half the working population in developing countries. This leads to what Keynes called "the enormous anomaly of unemployment in a world full of wants" (Keynes 1963, 359). We can point to vicious circles of ever-deepening indebtedness and dependence. Indeed, when education, social structures, and health-care structures fall apart, no human development is possible, and any economic growth is most likely to be artificial or illusory.

The system is becoming increasingly economically intertwined: it is a global economy after all. The North cannot profit beyond a certain point unless the South can grow, develop its own strengths, and become a full-fledged rather than a dependent and powerless member of the world trading system. Investment in the South, which would take the immediate form of freeing it of most of its debt burden, is a necessary step for the health of the glutted economies of the North and for the strength of the financial system. The greatest failing of global neo-liberal policies is that they end up condemning large groups of people to poverty, hunger, and death. But they are also destroying the foundations for their own growth out of fear of sharing wealth and technology. The global system works at a very low efficiency rate because of this global lost potential. Financial investment flows could seek to utilize this potential, rather than ignore it.

We need to remember and stress that human beings are ends, not a means. Conversely, the global system we create, build, and maintain is the means, not the end. This can be the basis of the global system we seek to create or mold from the existing structures, and this is as relevant for the developed as for the developing world. In the second half of this paper, I will look at some of the factors that will shape the future direction of the global financial system: a growing sense of global consciousness; a pragmatic alliance between those who argue for Aid from an economic profit motive and those who argue for Aid from a sense of global solidarity; and finally creative proposals for financial instruments in a global economy.

4. Global Consciousness

The question of Affluence and Poverty is not just a question of how to remedy poverty, but also a question concerning our experience of wealth and of the global economy. We can define global *consciousness* as realizing the way the globalization process is changing the economic, social, political, and cultural structures of the world. We can define global *solidarity* as sharing wealth, inventions, and opportunities in a global rather than regional or national context.

In a world were global economic conditions are just as powerful as global environmental conditions, I want to base the notion of global solidarity consciousness on the sense of environmental consciousness that has grown over the last thirty years. The current environmental state of the world is a crisis situation, with ongoing damage to the most fragile ecosystems and probably worse to come with global warming. Although the ecological situation is continuing to deteriorate, environmental consciousness, however halting, has been successful on a local, national, and global level. Greenpeace and Friends of the Earth are household names and form a new breed of global players. Green political parties are part of coalition governments in France and Germany. Businesses want to appear "green", in reputation if not always in practice. The environmental movement has come a long way from its humble beginnings, against much ignorance, skepticism, and derision.

A similar thing can happen with global solidarity consciousness: people do not know how the global economic flows affect lives in the developing world, having enough trouble understanding how economic changes affect their own fortunes. But there is a big difference between being blissfully unaware of the effect of global investment flows and realizing that some forms of financial globalization are spreading misery and keeping people poor. Ongoing practices which have recently entered this "global consciousness" are the wages and labor practices of apparel and sport shoes makers, obscene debt repayments saddled on developing governments, and the structural adjustment policies that force governments to choose between spending on social programs and repaying debt. If people knew and cared about how banks invest their savings and retirement funds, they could put as much pressure on them as they did on Shell Oil when they disagreed about its ecological policies. Just as you can buy your petrol from someone else, you can also bank somewhere else. It is quite likely that global consciousness raising such as the Jubilee 2000 debt relief campaign will lead to an increased awareness of the role of banks and governments in global investment flows.

Pressure can be put on the Bretton Woods institutions from above as well as from below. People have lamented the undemocratic structure of the IMF and the World Bank and claimed it has been an obstacle to their being reformed. But if the governments holding the ruling stakes in these institutions were to decide that far-reaching structural reform is necessary, change could come rapidly. The IMF and the World Bank have no independent legitimacy in this regard - their power is strong but also tenuous. Indeed, various proposals have been put forward for more transparency and for government committees to oversee the decision-making processes of the IMF and World Bank.

5. A Pragmatic Alliance

I believe that this period of crisis and redefinition of development Aid presents a challenging opportunity. This opportunity lies in a pragmatic alliance between those who believe in the necessity of providing aid from a sense of global solidarity (traditionally the political left, but also NGOs and religious organizations), and those who base the giving of aid on enlightened self-interest and want it to make good business sense (traditionally the political right, the Bretton Woods institutions, and business interests). This alliance has become possible not only because these two approaches to providing Aid can learn from each other (they have always been able to do this), or because they have the same avowed aim of reducing poverty and spurring development and growth, but mainly because, for the first time, they can agree on ways to go about doing this. Some of these new approaches to Aid include tying Aid to trade, focusing on micro-credits, empowering local businesses rather than relying on huge government projects such as dams or highways, emphasizing democratic or at least democratizing governments, bypassing governments altogether on the NGO level, and so on.

An additional reason is that there are now vast surpluses, billions if not trillions of dollars available for global investment, which rather than the take the form of short-term speculative investment which has destabilizing effects on whole economic regions, could take a more long-term and sustainable approach which would galvanize growth, production and spending on a global level. It is important to realize that money invested as Aid is not "lost" but invested, and that it yields returns on many different and inter-related levels. The recent realization that to invest in seemingly unprofitable economies yields a vast array of socio-economic as well as political benefits is an illustration of this.

Those who argue for global solidarity can learn from those who argue for enlightened self-interest that just giving money away breeds dependence, encourages corruption through lack of accountability, and that to compete in global trade specific strengths need to be developed. This recognition has been summed up under the slogan "Trade not Aid".

A second lesson is that a banking system with clear and accountable rules, relatively stable or at least transparent currency exchanges, and the existence of stock exchanges for the influx of foreign capital, have become the minimum requirement to attract global investment. One important realization is that a stable and transparent currency and banking system benefits not only foreign investors, but, to a much larger degree than is usually recognized, the local population as well. Indeed, a chaotic and obscure banking and currency system encourages cronyism, corruption and cross-holding by the dominant classes, with little or no benefit to the population at large or for small businesses.

A third lesson that those arguing for global solidarity can learn from the enlightened self-interest side is tying Aid and loans in some way to a democratizing process. Tying Aid to the democratization process helps the local population in developing countries against much of the ruling elites, which are generally averse to any form of democratization or greater accountability. Sometimes this reluctance on the part of the ruling elites for greater openness is masked by appeals to a form of "cultural values". This has been debunked in an illuminating fashion by Amartya Sen, who claims that strong democratic institutions and an independent press have always contributed to economic advancement and are crucial for avoiding economic and social catastrophes such as famines (Sen 1999). The democratizing process can also help to counter great dangers such as clashes based on religious fanaticism or tribal interests.

To sum up, those who argue for Aid based on a sense of solidarity can learn from those who insist on good business sense that strong and transparent financial institutions, together with a commitment to open and democratizing institutions, as well as tying Aid to trade, help developing countries in the global marketplace and are a prerequisite for effective development Aid.

Those arguing for enlightened self-interest can learn from the global solidarity side that the growth and affluence of the rich countries can only be maintained through the stability and socio-economic growth of poor countries. A primary requirement for achieving this is making poorer countries true competitors in a global economy by giving them the financial strength and independence needed to compete on an equal footing rather than keeping them in the thralldom of neo-colonial exploitation as is now all too often the case. Indeed, it is a glaring contradiction that those who glorify free-market competitiveness "at home" insist on a fundamental imbalance of power when it comes to trade between the affluent consumer-driven nations and developing nations, which are left to produce agricultural and primary resources whose prices they usually do not control and cannot influence.

Those who argue for enlightened self-interest and good business sense can learn that there is a win-win position, indeed that the only possible successful road to global development consists in giving real and effective development Aid to stimulate real and effective production and competition. There is a belated recognition of this in the recent realization that health concerns and social welfare in developing countries is not just a matter for soft left-wingers or the Scandinavians to fund, but that this type of fundamental Aid is a *sine qua non* for any kind of development, be it economic, political, or social. A good example of this is the current AIDS crisis in Africa, which apart from being a preventable tragedy of the first order, will have such fundamental social repercussions that it will undo any kind of economic growth. This has been recognized at government levels, as well as by the CIA and the Pentagon who see AIDS as a political liability for US National Security to the extent that they are now appropriating defense funds to help combat the disease. Another fundamental relation is that between education and a falling birthrate. According to UN workers, the most effective tool in population growth control is providing elementary schooling for women in countries with a high birthrate. Finally, we are finding that environmental considerations are playing an increasing role in determining the type of development Aid: even the most devoted free-market economists are beginning to see the destructive result of short-termism in agricultural and industrial policies.

To sum up, what those who argue for enlightened self-interest can learn from those who take global solidarity as their starting point is that helping developing countries compete on an equal footing provides a win-win situation, and that the investments in education, health and social structure are not separate from or draining funds from economic investment but rather form the fundamental structure in which economic investment makes sense.

This mutual learning process shows that it doesn't, at some level, matter whether the rationale for development Aid comes from a social or religious sense of solidarity or from cold rational business analysis. What matters, at bottom, is what works. Both these approaches pursued only by themselves have been sufficiently chastened by large and continuous policy failures to be willing to try something new, more pragmatic and less ideological, and to tone down rhetoric in favor of results. For example, terrible poverty has always led to mass migration, within and between countries; the best way to stabilize migration patterns is to provide development assistance; it may be self-serving and cynical, but it works. The same is true for infectious diseases; they have now become global. The rich may no longer have a place to distance themselves from misery, either physically or politically.

The end of the Cold War spells the end of the ideological oppositions that had such disastrous effects by allowing for the uncritical support of dictatorial regimes while neglecting otherwise promising development policies. Moreover, it opens up the possibility for new institutions not beholden to the old political realities. We may see the beginning of a pragmatic alliance where NGOs advise and work together with governments, an alliance in which we see bankers side-by-side with priests, venture capitalists together with micro-credit experts, nurses together with accountants. The challenge is to convince the affluent countries that structural help to poorer countries is in everybody's interest, and that it is a mix between generosity and enlightened self-interest.

At the United Nations, a new emphasis on fostering cooperation between governments, businesses, and NGOs has led to the development of examples of this pragmatic alliance such as the UN "global compact" between some of the world's largest businesses and the UN, setting standards and principles for labor, environmental, and social practices (http://www.unglobalcompact.org). While it has been criticized by pressure groups as unenforceable and a sellout to business interests (Bullard 2000), it is a creative project seeking to combine investment for profit and development aims. Other partnerships include the UN-private sector Global Alliance for Vaccines and Immunization program (GAVI), which relies heavily on private funding (Annan 2000, 28), and the UNCTAD-ICC program to provide information about investment in the poorest countries (Annan 2000, 39).

While the possibilities of these new kinds of partnership forged through a pragmatic alliance are exciting, it is important to be aware of the criticism of those who feel left out by the globalization process and who are weary of the intentions of both global business interests and of the countries who dominate the global financial infrastructure. While acknowledging that it may be far-fetched to think that the entire debt crisis was an orchestrated conspiracy, critics point out that it has strengthened the dominance of the haves over the have-nots and of the North over the South, to the point where developing countries are losing their sovereignty to their creditors and the IMF (Bello 1999; George 1999). Many people in the South see the continuing erosion of their social structures, their economic well-being, and their political autonomy as the clearest effect of the globalization process; they will need to be convinced that these partnerships and pragmatic alliances will strengthen their economic and social structures rather than weaken them further.

6. Creative Financial Proposals

The instability of the global system and the lost potential caused by lopsided wealth distribution point to the need to redefine both global financial institutions and global financial instruments. Creative proposals to redefine global financial instruments include global taxes on currency speculation (also know as the "Tobin tax"); taxes on the "Global Commons" (global natural resources such as the seas and airwaves (Henderson 1999, 24-26)); payments for safeguard of natural ecosystems (the "pollution debt"); and socio-ethical investment ratings.

For example, the huge retirement funds of workers in affluent countries are concerned with returns on their investment in absolute terms, but they could also be concerned with the kind of world that their investment strategies are helping to bring into being, and with the ethical values of their constituency. Some governments already give tax advantages to so-called "green investments" in environmentally sound projects, and could also give tax breaks to money that is used for development purposes. Workers in affluent countries could clamor for more say in how their retirement funds, or even their bank balances, are invested. This is a distinct possibility in the current climate of backlash against predatory speculative investments, and of emerging global consciousness and civil protests.

There are many proposals to redefine the global financial institutions and the role and scope of UN agencies. One set of proposals would include a reformed IMF to orchestrate debt forgiveness; the World Bank to oversee projects, actors, and transparency in development loans; and an expanded role for UN agencies with access to global tax-generated funds.

The Jubilee 2000 debt relief coalition has done impressive global consciousness-raising work and kept the pressure on reluctant governments to deliver on debt relief. Most commentators agree that forgiving debt entirely to the poorest countries is both humane and economically sensible, but even ardent supporters of debt relief such as Susan George believe that forgiving debt outright will not work for many mid-level countries. Indeed, she proposes a multi-pronged approach including retrieving capital flight, holding governments accountable, and only giving new loans that will directly help the poor (George 1990, 229-261). What she is in fact calling for is a sort of reverse Structural Adjustment Program directed toward, not away from, investments in society, health, and education. This would mean a 180-degree turn in IMF policy, but is a distinct possibility now that the IMF has started to internalize the rhetoric of its fiercest opponents; the governments that control the IMF's policies can also apply pressure for reform.

The role of the World Bank would be to oversee the situation and bring together different actors such as NGOs to work together with governments. Poverty reduction is of course not only an issue for developed countries, but requires political will and adjustment from the side of developing countries. Aggressive poverty reduction and development must be a government priority, which in many developing countries it either implicitly or explicitly is not. Indeed, much Aid in the past was siphoned off, was squandered on prestige projects, or disappeared abroad in the form of capital flight. If debt is forgiven or significantly rescheduled (the UN Millennium report proposes "pegging debt repayments at a maximum of foreign-exchange earnings" (Annan 2000, 38)), a whole new infrastructure for new programs and new loans must be developed.

Finally, if the UN has access to global-tax generated funds, we could see a reappraisal of UN agencies and programs that are generally trusted by developing nations (Bello 2000) but which are constantly short of funds.

The rapid pace of the globalization of finance, trade and communications has coincided with (or helped cause) an economic period in which the gap between the affluent countries and the poorest countries has grown considerably. However, the destabilizing effects of globalization together with changing political realities present opportunities as well as challenges, opportunities to rethink the concept of development Aid, to put into question the function and structure of global financial agencies, and to conceive of new ways for both the affluent and the developing world to profit from the economic wealth that is being created, rather than suffer from it. We can strive to create a world in which the vast surpluses invested by affluent countries contribute to the development of poorer nations, rather than to support business practices that lead to their economic dependence and to ecological ruin. Yet while there are indeed many promising possibilities to build a more equitable and stable future both for the developed and developing world, we must realize that we are in a situation that is getting steadily worse, not better. Our present condition makes the raising of global consciousness, harnessing of political will, and putting into place new global financial mechanisms a pressing priority.

We have stressed the ethical and economical necessity for changing the current wealth disparities and for regaining control of the global financial system. We have constructed and still continue to construct the institutions and systems that structure our world, and we should not let ourselves be ruled by them, whether it is the "financial system" or the "market", that fabled creature that passes judgment on companies, central banks, and countries alike. The challenge is to liberate rather than shackle human potential through political will and political action. If the South can build up its social, political, educational, and health-care structures, it can contribute so much more to our global future, and this quite apart from the question of justice that says that it should have that opportunity. The global financial system as it exists today does not serve the needs of either the developed world or the developing world, and certainly not that of our common future. Human ingenuity and creative proposals can devise a global financial system that serves rather than controls the economic welfare of all human beings. With this conviction always in mind, that human beings, their development, their life, and their freedom, are ends in themselves, not means.

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