NEW RELEASE

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Activists are needed for global finance reform but have lessons yet to learn, study says

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UNU Programme Officer Dr. Albrecht Schnabel, co-editor Dr. Jan Aart Scholte, University of Warwick and other contributors are available for advance interviews Tues. Apr. 3, 9 a.m. to 2 p.m. Please call 416-538-8712 to schedule a time. Abstracts of the project papers are online at http://www.warwick.ac.uk/fac/soc/CSGR/projects.html.
A presentation will take place at Dag Hammarskjold Library Auditorium, UN headquarters, Tues. Apr. 3, 3 to 6 p.m. For passes: UNU Office, 212-963-6346

New York — Activists, NGOs, trade unions, lobby groups and other elements of civil society can play an important role in correcting major problems with the global financial system but to become more effective players they need to draw from several lessons of recent years, according to a new study by the U.N. University and the Centre for the Study of Globalisation and Regionalisation (CSGR) at the University of Warwick, U.K.

Civil society activists have taken to the streets about global finance in Seattle, Davos and Prague. They will do so again in Washington in several weeks time. The UNU / CSGR study examines who these people are and what impact they have on global financial governance.

Today’s global financial system lacks stability, equity, democracy and efficiency and clearly needs to be better governed, the study says. Advocacy groups have had both positive and negative influences on the evolving situation. On the positive side, they promote attention “to the otherwise easily neglected social dimensions of global finance.” They are also an important source of information for the public and “a spur to democracy.”

However, the legitimacy of civil society involvement is not always clear and tactics used in
one region are not always appropriate elsewhere. In the wrong place, in fact, they hurt the activists’ cause. Experience in Russia, for example, has shown how western-style activism in an unreceptive local political culture can be counterproductive.

Produced by UNU and CSGR in a project involving 20 authors from 12 countries over 18 months, the study suggests ways to build the ability of activists and others to engage in the debate more effectively. For example, such groups need to choose between, or somehow combine, demonstrations in the street and media campaigns with quiet lobbying behind the scenes.

Among the positive aspects of civil society involvement in the global finance arena:

- Education of the public
- Giving voice to stakeholders
- Fuelling debate
- Increasing public transparency of financial market operations
- Increasing public accountability of the agencies involved
- Promoting legitimacy in global financial governance

At the same time, the study argues that civil society organizations should be subject to the same scrutiny faced by other political actors. It offers several criteria for determining the “legitimacy” of civil society activism on global finance issues – technical expertise in the workings of an industry at issue, for example, or sufficient economic literacy to substantiate claims. Similarly, groups campaigning for greater accountability and transparency at such institutions as the IMF or World Bank should themselves be sure to feature those organizational characteristics.

The study notes that several codes of conduct for NGOs have appeared in recent years in response to concerns about levels of participation, democracy, transparency, and accountability.

It also notes that, to be taken seriously, “civil society participation in policy formulation, execution and evaluation demands a substantial commitment of resources. Democracy is not cheap.”

The study says officials at multilateral organizations “can make innumerable mistakes in their dealings with civic associations.

“They can treat the dialogue as a public relations exercise, or focus their contacts on
sympathetic groups to the exclusion of critics, or dismiss out of hand civil society accounts that challenge “expert” knowledge, or expect immediate results when relationships require time to mature. Needless to say, the onus for corrective action on these problems lies with official bodies rather than (civil society organizations).”

Several of the study’s contributors, who represent a cross-section of “enthusiasts, skeptics and agnostics” on civil society involvement in the workings and deliberations of global financial agencies, question whether such engagement complements or undermines legitimate democratic authority exercised through the state.

According to one contributor, “We are witnessing the solidification of a political ogre in “globalization”. The term has acquired a powerful discursive role. It encapsulates (and repackages) concerns over wealth and poverty, sovereignty and social justice, cultural identity, and corporate whims. Although some have dismissed such fears as “globophobia,” globalization has come under greater critical public scrutiny.

With respect to the U.N., the study says “conference fatigue” may undermine its importance to civil society organizations, resulting in “the loss of an ally” and less influence for the U.N. in the politics of global financial governance.

The study notes that in 1996 there were 38,000 registered NGOs working in more than one country, roughly double the number a decade before.

These and other civil society organizations have flocked to global financial institutions.

Since 1973 the World Bank has involved NGOs in 752 of its projects. Today some 37 per cent of Bank projects have NGO inputs.

The International Monetary Fund has a mailing list of around 1,000 NGOs.
One contributor to the study suggests that, as important as multilateral financial institutions such as the World Bank and the IMF are as “architects of globalization,” civil society efforts might be more productively targeted at private financial markets, through which the vast majority of funds actually flow.

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• A think-tank for the United Nations system;
• A builder of capacities, particularly in developing countries.

The themes of its focus are peace, governance, development, technology and society, and the environment.

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The Centre for the Study of Globalisation and Regionalisation

The Centre for the Study of Globalisation and Regionalisation (CSGR) was inaugurated in 1997 with funds from the Economic and Social Research Council of the UK.

Located at the University of Warwick, the CSGR is the largest research centre in Europe dealing with the study of globalisation and regionalisation, www.csgr.org