My Fellow Tanzanians;
Excellencies Heads of Diplomatic Missions;
Dialogue Participants;
Invited Guests;
Ladies and Gentlemen.

Today marks the beginning of what I hope will be a focused, engaging, comprehensive and policy-oriented national dialogue on globalisation, especially its social dimension. At the end of it, I hope we can distil a national understanding on the opportunities and challenges that the process of globalisation presents us, and what policy options we can consider to realise the national and global good.

Globalisation is neither new, nor an event. There was never an international conference where nations agreed to be parties to something called “globalisation”. Globalisation is a process of integration and of internationalisation. It has been around for centuries; its speed and intensity being determined by the level of technological progress.

The ICT revolution of the last few decades has accelerated the speed, intensity and depth of integration, giving rise to the notion that globalisation is new; it is not. But it is true that the ICT revolution has made the process more complex, and sharpened the distinction between those who stand to benefit, and those who risk marginalisation and losing out. It is in this context that we hold this dialogue.

In doing so we have to ask ourselves some very basic questions. Why do others benefit, and why do others lose out? What drives this process—what is the engine, what is the fuel, what determines the level of acceleration, and who is the driver. In so far as the process takes the form of trade in goods and services, we have to find out who supplies what, at what cost.

One thing is clear. Globalisation is driven by the pursuit of profit, by being competitive, and by the interplay of power relations - power to determine the framework and rules of the game; power of technology to cut costs and increase the speed of production and delivery; political and military power to pursue national goals unilaterally if necessary; and power to influence others.

The way I see it, the game has begun, and we have been dealt a card. It is a bad card, to be sure. Yet, we must play. How smartly we play the card we have, and how effectively we demand a fair game, is what will determine whether we remain relevant to, and benefit from, the unprecedented integrative forces that shape our world, or whether we will entrench our irrelevance and impoverishment.

These are serious issues that require deep thought, and openness to new ideas and capacity for policy innovation. It is to such an undertaking that I invite you all who have been
identified as a cross-section of our society to brainstorm about where we come from, where we are, and where we have to go, how, and to what end.

I am, therefore, grateful to both the Research on Poverty Alleviation (REPOA) and the Economic and Social Research Foundation (ESRF) for convening this National Dialogue on the Social Dimension of Globalisation. Their respective work and experience greatly lends themselves to this undertaking.

Ladies and Gentlemen,

Globalisation is a real challenge; but the animated debate it provokes has at times become chaotic, unstructured and unfocussed. The challenge is real, but chaos and anger is not the best way to deal with it, certainly not for those that are powerless.

To be useful your deliberations here must go beyond debate; they must add value to what we all know already about the adverse impact of globalisation, and they must seek to inform the work of the World Commission.

We have to respond to the needs of people and states as they strive to cope with the challenges that globalisation places before them, and take advantage of the opportunities it offers. We have to forge a broad and common understanding of these challenges and opportunities. Only then can we, as a nation, as a continent and as part of the international community, identify common strategies on how best we can sustainably achieve economic growth without compromising on the social imperatives and goals.

For the social dimension of economic growth is not only important for its own sake. Social development is also vital for economic growth. This is a fact we in Tanzania have, as a matter of policy, long acknowledged. It is the essence of the phrase, “Msingi wa Maendeleo ni Watu”. And as Mwalimu Nyerere said, the purpose of development is the human being. But the current process of globalisation has unleashed forces that, when left to themselves, the social dimension of global development is easily trampled upon in the rush to be competitive. One challenge, therefore, is to integrate the economic and the social in a harmonious way.

The Commission is united about the need to obtain the broadest possible range of views regarding what can be done to achieve this goal. No one in the world seriously denies the need to make globalisation inclusive in its benefits, and supportive of the weaker members of a common planet. The challenge is how to engender and sustain the political will to do so.

As a nation we should also be able to evaluate and examine our own experience of the forces of globalisation, and consider what particular strategies are appropriate or necessary to fend off marginalisation. In doing so, we need to be serious, not spurious; action-oriented, not whiny; innovative, not denunciatory. We live in the real world. This dialogue should focus on the real challenges we face as individuals and as a country, and determine how best and realistically we can overcome them, on our own, as a region, and with international support and empowerment.

Ladies and Gentlemen,

Participants in this forum have diverse backgrounds and interests. Some of them are renown for their tenacity, and the strength and vitality of their views on the subject under discussion. This dialogue can, therefore, easily degenerate into clashes of interests, ideas and
strategies. I earnestly ask that we rise above sectoral or narrow interests. We are here to distil a national consensus; not to promote or defend sectoral interests. Those interests should inform us, not derail us from the broad objective of our working ourselves into our rightful, participatory involvement in the process. We should seek and strike balances, even in a national context, between public and private concerns, workers’ rights and profitability of capital, local and national demands as well as national, regional and global prospects.

There are those who speak as if globalisation is an option. Do we have any choices? As a nation we surely have choices. An utterly drastic one is to shut ourselves in a cocoon. It is an alternative. But no country has ever advanced by isolating itself from the regional or international community. We need the outside world. It can do without us; but we can’t do without it.

There is broad recognition that globalisation can offer unparalleled opportunities to achieve greater equity through more sustained and balanced growth. This is also a fact we have to take into account. Let us look to Asia for inspiration.

The Economic and Social Commission for Asia and the Pacific (ESCAP), in a policy study dated April 2002, makes the following observations:

“Sustainable social development in a period of rapid globalisation is a realistic and achievable process and goal. Both social development and globalisation can be more effective if properly managed.”

And I want to contend that the foundations for such proper management are in place. What is needed now is the political will to implement all the declarations and plans of action that came out of numerous international conferences and summits. If the commitment and pledges made are kept, and it is a big IF, the challenge for all of us in a national context is to see how this external environment can be channelled locally in order to empower us to exploit the benefits offered by globalisation.

And while liberal capitalism has established itself as the dominant economic model and driving force behind globalisation, the hostile passions and protests directed at it that we have witnessed over the last four years is a demand that the system has to be sensitive to the imperative of the dual pursuit of economic and social justice, as well as national and global peace and prosperity.

One of the things we may want to look into at a national level is the contribution of human resources to our own process of development in the context of globalisation. Here we
would have to re-evaluate our degree of preparedness. We would have to look into the basics, such as the needs and quality of our education system, and how best we need to prepare our youth and nation to engage in an economy which is rapidly and radically being transformed by information and communication technologies.

We should evaluate too our own practical experience regarding the impact of globalisation on the labour market. Skills and education are critical to the evolving economy. To what extent are they a factor to our rate of unemployment? What reconfigurations must we undertake both in the short and long-term perspectives to induce a mutually supportive existence between labour and industry? What role can organised labour play to foster productivity and investments?

These are real challenges we must think through deeply and seriously as we seek to define our future in a world of change and to retain a clear sense of our national interest. Our national approach needs, therefore, to be pragmatic, flexible, realistic and doable, but firmly responding to the broad needs of the majority of our people and country.

Ladies and Gentlemen,

Africa stands to be a net loser in the emerging liberalised and integrated world economic, political, cultural and trade regime. It is also true that in various international fora commitments have been made to help Africa to benefit from globalisation. But a complex interplay of local, regional and international factors militate against the fulfilment of national, regional and international commitments that are key to making countries like ours benefit from globalisation.

Much work needs to be done within our countries. We must govern ourselves better. We must have in place a stable and attractive investment environment. We must be open to trade. We must not protect inefficiency. We must produce a critical mass of competitive manpower. We have to address supply side constraints.

But the success of all these pursuits is contingent upon successful regional co-operation and integration, and international support.
Certain compensatory and supportive measures are necessary because, left on their own, market forces are completely devoid of social justice, they have no sense of human responsibility to weaker members of the society, or the necessity to create level playing fields, taking into account the different starting points.

Ladies and Gentlemen,

Before I conclude I should like to focus your attention to seven areas that need immediate attention if LDCs, most of them in Africa, and of which Tanzania is one, are not to be completely marginalized in a globalising world.

The first is the threat of exclusion by irrelevance and insignificance. Our economies are too small and presently near insignificant in relation to the global economy. Our exports are small. Our markets are too small, and clearly insignificant in terms of purchasing power. Taken together with other supply side constraints, these issues of size help to make places like sub-Saharan Africa less attractive to Foreign Direct Investment. The Johannesburg Stock Exchange is the busiest in Africa. Yet, what is traded there in a whole year changes hands in the New York Exchange in only a couple of minutes. Let this dialogue come up with ways to deal with this first category of problems.

The second is the threat of exclusion by not being sufficiently competitive. Rapid growth in South East Asia was predicated upon comparative advantage on labour costs; mass production; selective protectionism; natural resources; strong benevolent leadership; and quality human resources. These comparative advantages are no longer as useful or applicable to Africa as they were to Asia, and competitiveness derived from them is declining fast. Comparative advantage is increasingly being based on, and determined by, technological capability and scientific innovation. Synthetics are also undermining our comparative advantage based on natural resources. For us in Tanzania sisal is a good example. Let this dialogue come up with ways to deal with the challenge of the competitiveness of our labour, our traditional knowledge and our resources.
The third is the threat of exclusion by **inadequate capacity**. Capacity building in Africa is being dragged down by insufficient investments in basic social services such as health, education, science and technology, including research and development, as well as social and economic infrastructure. One local response is to devote larger shares of the budget to this area, buttressed by external support in terms of debt relief, increased non-debt creating aid, and market access. Let this dialogue also focus on this area.

The fourth is the threat of exclusion by **restricted market access**. This can take the form of free trade area blocs that are largely self-sufficient, and can, therefore, restrict in one way or another cheaper imports from outside the bloc. Exclusion can also take the form of subsidies, in this case agricultural subsidies, in rich countries. This is a topical matter, and I hope this dialogue will address it and propose policy options, not to forget the threat posed by disguised protectionism in the form of environmental and labour standards.

The fifth is the threat of exclusion by **instability and lack of flexibility**. Africa and other LDCs are vulnerable to the whims of the market for commodities, which account for a large proportion of their export earnings. Clearly we can no longer depend on unprocessed commodities to break out from the poverty and marginalisation trap. Terms of trade in respect of commodities are generally unfavourable compared to those of manufactured goods and technology. Today, the prices of unprocessed or semi-processed coffee are perhaps the lowest in history. Yet, the price of a cup of coffee in a café in New York, London or Tokyo has not declined. This national dialogue should seek answers on how to stabilise commodity prices, and increase our capacity to process, pack and export processed commodities and final goods.

The sixth is the threat of exclusion by **diminished economic sovereignty**. It is clear that unregulated globalisation can unleash an onslaught on what was known as the “national economy”, and “sovereignty over economic policy”. When you include into the WTO framework issues such as financial services, foreign investments, intellectual property, and infrastructure, this de-nationalisation of the economy becomes a reality. In a situation where trans-national corporations control most of the technology and world trade, they will gain
unprecedented rights to influence policy and events in poor countries. This will undermine our
capacity to participate in global trade on our own sovereign terms. I should like this dialogue to
also look into this aspect and suggest policy options for governments such as ours that respect
intellectual property but simultaneously need access to it to relieve poverty, ignorance and
disease expeditiously.

The seventh, and last, factor is the unfulfilled promises. These are the commitments of
support to the poor made in many international fora over the last 20 years. What can be done
about these, and how can international governance be improved? Good governance is important
in our countries; but it is equally important in global institutions. How can we also get more
OECD countries to live up to the commitment to devote 0.7% of their national incomes to
official development assistance? Is official development assistance not an important force in
equitable globalisation?

Ladies and Gentlemen,

I have presented some thoughts, and posed many questions. I do hope that in the course
of these two days a national consensus will emerge on the social dimension of globalisation, and
guide us as we seek to engage and integrate with the external world in a more meaningful, fair
and beneficial way.

For, we are not looking for ways to stop the process of globalisation, but how to make it
sufficiently participatory to benefit all member states, and allow weaker ones to have more
influence on decision-making, on setting the vision of where we want to go, and in determining
the rules of the game. For, indeed, it is the helplessness we feel, as developing countries, in the
present asymmetry in power relations and international governance, that breeds hatred and
resentment and makes globalisation a debilitating prospect for some.

Ultimately, we must all seek to evolve into a community of nations that have a shared
international vision of interaction on the basis of equality, mutual respect, mutual survival and
mutual prosperity. Otherwise, we will end up in a situation where an alliance of a few powerful
countries will create what to all intents and purposes is a global empire, in which others can be
dispensed with: They are here, but are not an integral part; they are here but are irrelevant and inconsequential. Such a world can neither be stable nor secure, because it is veritably unfair.

I now declare the National Dialogue on the Social Dimension of Globalisation open.

I thank you for your kind attention.