

Putting people at the centre of globalization

Speech by Peter Mandelson at the Jeddah Economic Forum

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Twenty first century pilgrims

When we speak of globalization we tend to concentrate on the forces driving it, and the resulting changes in the landscape of the global economy, rather than its relation to people.

Of course the economics are important. But we should not forget that the stuff of globalization is people.

So what I want to offer today is a people-centric picture of globalization. And some of the political challenges that picture implies.

Jeddah is a pilgrim city; the first port for Mecca and a waypoint on the Haj which millions of Muslims undertake every year.

In the last four decades the oil boom has also been adding economic pilgrims from India and Southeast Asia and Europe and the US. Which has made this one of the most cosmopolitan and diverse cities in the Middle East.

From one perspective the Haj stands for deep and unchanging tradition whereas the oil trade represents the highly integrated modern economy.

One is about deeply personal beliefs; the other is about deeply impersonal economics. You might say that one is an example of globalization, the other of enduring human custom and tradition. But if you said that - you'd be wrong.

The point about the change we are living through today is that it affects almost everything. The modern Haj is as much a product of globalization as the oil economy. Today you can book your tickets and arrange your Haj in a travel agent in London or Brussels or Berlin or via the internet from just about anywhere else in between.

Last month coming through Brussels National airport I saw a huge crowd of Belgian Muslims returning from their own chartered trip to Mecca.

Globalization is about the way economic and technological change impacts on our cultures and our identities and our societies.

And growing social opportunity and individual empowerment in the twenty first century is inseparable from the working of the globalised world.

Why? Because globalization is mediating the jobs we have and how we do them, the people we meet and the places to live and travel and work. The information that crosses our TV and computer screens.

How we build societies that equip people to prosper in that world will be the single most important measure of effective and legitimate government in this century.

At least in principle, the horizon for any individual person is wider today than it has ever been. The trick is making sure that that is really true in practice. That globalization is genuinely universal in the chances and opportunities it offer to individuals. This is the possibility held out by globalization that we have to come think through and help bring about.

Changing world

Fundamentally, this means accepting and managing profound social change. The economic order that the Europeans and Americans in this room grew up with is altering for good. The emerging economies of Asia, notably, are contributing to the creation of a multipolar economic world that will inevitably reshape our political world.

Europe is prospering in this new order in many ways: we are the world's biggest exporter and investor - in a global economy that is hungry for exports and investment. We are creating new jobs in new industries faster than we are losing them in old ones.

Europe is eminent in capital-intensive high-value-added manufacturing as well as luxury and design goods. We have more globally recognized fashion brands than the rest of the world put together. You wouldn't know all this listening to some of the pessimists - but it's true.

But the process of change, the sense people have of uncertainty and the vulnerability that they feel to a whole new level of global competition is undoubtedly creating a politics of anxiety in most parts of the world. It's not always visible on the surface, but Europe is engaged in a debate about economic and political openness that will be decisive for our future.

And every political culture on earth - with the possible exception of North Korea – is having a version of the same debate. It's happening here in the Gulf. It's happening in the wider Arab world.

The details of the debate are different in each country, but the fundamental arguments – about how to respond to and manage rapid change – are essentially the same.

Harness the benefits, face up to the costs

I think we fundamentally misunderstand globalisation if we see it as something that is imposed on our societies from outside. And I think it is fair to say that if that is a tendency in Europe it is a much greater challenge in the Gulf and the Arab world.

If you go looking for the external source of globalization you won't find it. Globalisation flows from the technological advances in transport and communication, from changing capital and goods markets – changes that have immeasurably enriched human life in the last half century. That are, for example, lifting hundreds of millions of people out of poverty in the developing world.

So the challenges of living in a globalised world cannot be easily separated from the enormous benefits. It's foolish to believe that we can somehow take the bits we like and turn away the bits we don't.

But that's not an argument for pessimism or cynicism about the social or cultural costs of global economic change. It is to say that if we want a sustainable future for our societies, it can only be based on a positive, optimistic politics that harnesses the benefits of change while equipping our societies to deal with the its impact. It's an argument for intelligent, common sense political intervention that seeks to embrace the future not hide from it.

It means political leadership that explains why technological change and economic reform and competition can create jobs in one part of an economy even while they result in lost jobs in another.

And why you can't realistically expect others to open their markets to your trade while you close yours to theirs.

And above all it is an argument for wise government action that equips people for change with education and empowerment and helps those individually affected by economic adjustment.

That's a challenge for us in Europe as we depend more and more on the most innovative, high-tech sectors of the global economy.

It's a challenge for the Gulf as it moves on from large-scale guaranteed state employment and tries to produce the educated and adaptable workforce needed for a diversifying economy.

Globalisation and the Gulf

Let me extend that contrast between us. In Europe our challenge is maintaining an advanced economy with a rapidly ageing population. Here the problem is the opposite: the Gulf has an under-developed economy and a huge number of young people. Between a third and a half of the Gulf's population is less than twenty years old. The whole Arab world faces the same challenge – it needs to create 5 million jobs a year, every year, just to keep pace with population growth.

And some two thirds – as much as three quarters here in Saudi Arabia - of the exports of the GCC are oil and gas, which are finite resources with highly volatile prices.

Put these two facts together and you have a huge economic and human development challenge – one that is not lost on any policy maker in the region, and which, incidentally, makes this an exciting and invigorating place to be in.

Although the Gulf has always been a place of exchange – of goods, ideas and cultures – today it is looking for a role in the global economy beyond the market for hydrocarbons. Like everything else on this planet that runs on oil and gas, the Gulf economy now needs alternative fuels.

That can mean tourism in Oman, insurance and banking in Bahrain, commercial services in Dubai; manufacturing across all the Gulf economies, including here in Saudi Arabia. Economic development here means diversification.

As the Gulf's biggest market, the EU has supported and encouraged regional economic integration among the GCC - which is a slow and complex process but vital for creating economies of scale and generating the opportunities for investment needed for employment growth.

The countries of the Gulf will follow their own path to integration. But the success of the EU provides an interesting model of how co-operation and integration can bring growth and stability.

We relaunched negotiations on the EU-GCC Free Trade Agreement back in 2002 with the goal of reinforcing this new regional market and bringing it closer to the EU market.

We are now very close to an agreement that will not only be the first ever region-to-region FTA in the global trading system but will open doors for new investment and new trade beyond what we offer each other through the WTO. With clear political leadership from the GCC I believe we will be in a position to resolve the remaining issues and agree a deal soon. That is my goal.

But like anywhere else the markets here are beside the point without the men and women that bring them to life. People need to be equipped not only with spending power but with education and tolerance and training for the economic world they live in.

Recent trends in literacy and health, and in access to education for women across the Gulf and the whole Arab world, need to be maintained and are essential elements of a healthy and stable society. They are imperative for their own sake.

But they are also essential to the region's economic future. 45 million new jobs in the Arab world by 2012 means 45 million educated and enabled workers. The bottom line is that investments in people – all people - are not only a condition of fair, just and stable societies. They are the down payments on development and economic growth.

That's a lesson that the dynamic economies of Asia – with their huge investments in and appetite for education – are reminding us all of, whether we live in Genoa or Jeddah.

Conclusion

These are not economic and political challenges confined to the Gulf states or the Middle East. Change in the global age is universal. The only differences are in how better or worse we come to terms with it.

In my experience, globalisation is accepted when economic change provides opportunities that people can see and seize; when they believe life tomorrow will be better than life yesterday. When it reflects their basic human need for security and the desire for solidarity. If we don't work to build a globalization that looks like that then we will, I fear, be forced further into a politics of anxiety and retreat. And in some places, worse.

So the globalised Haj is a useful reminder that tradition and change do not have to be opposites. That the new is not the automatic enemy of the old. That we can find an accommodation between our local identities and distinctive customs and habits and the global realities changing around us. That's the globalisation we should be working to build, here in Saudi Arabia, and the Gulf and everywhere else. With a spirit of positive politics and optimism to inspire us.