

# The Challenges of Globalization: An Interview with Ernesto Zedillo

by JAMES M. LINDSAY

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ference *The Origins, Implementation, and Spread of Conditional Cash Transfer Programs in Latin America*.

JL: President Zedillo, thank you very much for agreeing to sit down with us. I'd like to talk to you a little about globalization. The argument for

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globalization has been that the growing interconnectedness of nations and societies would make us all more prosperous. There was a lot of enthusiasm for globalization in the 1990s. In recent months we've discovered that globalization has a downside as well as an upside. With the recent international financial crisis, people are discovering that it not only can make us better off, but also worse off. Much like during the Great Depression, we're seeing a number of countries raising trade barriers, trying to find ways to insulate themselves from the international economy.

So, are we witnessing a temporary reversal in globalization or something much more significant?

EZ: Well, I think that's a great question, and of course there is always a risk that this could signal the beginning of a serious reversal of globalization. It has happened before in history. We had a golden age of globalization in the late nineteenth century and early twentieth century, and then with the outbreak of the First World War, and even more significantly after the war with the Great Depression, we saw a practically

total destruction of the globalization that had been achieved before. So, I have never shared the opinion of some authors who say that this time around will be different, since this globalization, they say, is driven purely by technological factors. [They say] it is impossible to destroy technology and to reverse globalization. I believe, and I have written about this for some time, that globalization was essentially a political construction, an explicit decision by governments to lower trade and investment barriers, and of course we have fantastic instruments like the Internet and other modern means of communication and transportation to ease the development of globalization. But if countries become protective, defensive, isolationist, they will destroy globalization, and I think that will be dramatic, because we will be giving up a fantastic opportunity to continue lifting people out of poverty. I think, yes, we are seeing a downside of increasing integration, although we must say that financial crises have happened before, even when economies tended to be more closed. So it is not inherent to globalization to have financial crises. You can still have financial crisis in individual, anarchic, autarchic countries. Now we feel it more intensely because financial systems have become more integrated, but I think there are also lessons in another respect, in the sense that to the extent that we become more integrated, we also need to be more coordinated. We also need to accept that if we want to have the benefits of globalization, we also need to be willing to give up a little bit of our sovereignty in order to coordinate and to cooperate with others. And I think the crisis that we are going through is not so much a failure of the market, but a failure of government—for failing to regulate adequately, for failing to coordinate with others, and to act decisively when it became evident that it was necessary to act.

*JL: How do we bring about that cooperation among countries? Looking at the international scene right now, countries have different interests. As you certainly know, having been the president of a country, you are almost always involved in two sets of negotiations at once—you're involved with negotiations with other countries, trying to find places where your interests overlap, but you're also involved in discussions with people in your own country about what direction your country should take. So how in this much-more-complex world, where what happens in America or China or Brazil can have effects around the globe, do you get that kind of cooperation, that you quite rightly point out as being essential to sustaining globalization?*

EZ: Well, I think you need leadership. You need political leaders to speak to the people and to explain that international cooperation actually is in the national interest; that it is true that when you cooperate internationally, you give up some sovereignty, but that in the medium and long-term, your own country is going to have strategic and material benefits from that cooperation. The problem is that if the politicians spend their time blaming others for their own mistakes, or particularly other countries, they create a public opinion that goes against international cooperation. So that is why I say that you need leadership to explain to people that actual international cooperation is good for your own sake, something that hasn't happened over the last few years. I think it is very suggestive that at the end of the Second World War, relatively speaking, the United States was a much more powerful country than it is today, because it was producing almost half of the global

GDP. And overwhelmingly, from a military point of view, it was more powerful than it is today, and yet, those people—first Roosevelt, and then Truman and other American leaders—were key in creating multilateral institutions for international cooperation, in which, in one way or another, the U.S. was giving up some sovereignty—exactly at the time when it was by far a more powerful country, in relative terms, than it is today. I think this is a very good example of why, when you have the enlightenment and the vision, it is possible to do it.

*JL: So do we need new international institutions to handle globalization, or do we just need to improve existing ones?*

EZ: Well, it depends on the topic. You tell me, “Well, what about peace and security?” Well,

I think we need to have a better United Nations, certainly a more effective security council. We need an instrument for financial stability—we need to empower the International Monetary Fund, but maybe there are some areas in which we lack institutions, for example, in the field of the environment, we do not really have a global agency that can coordinate international efforts. So evidently, in that area we have a vacancy. So I would say it depends on the issues.

*JL: So do you think the focus should be on global institutions or regional institutions?*

EZ: Well, I think you need both. I think you should follow, to the extent possible, the subsidiarity principle: those problems that can be solved at the local level should be solved at the local level. Those problems



Dr. James M. Lindsay and former Mexican president Ernesto Zedillo

that can be solved at the regional level should be solved regionally. But there are some problems, such as climate change, that cannot be solved regionally or locally or nationally, so you need a global solution.

*JL: If I may, I want to go back to the question you pointed out about the national trust, speaking to the domestic public about the positives in globalization. As you know, even during the 1990s when globalization enjoyed a certain cachet, there were a number of critics. We saw that most notably in Seattle in 1999 with the meeting of the WTO. You coined the term "globalaphobics" to describe people who opposed globalization. Certainly here in the United States now with the economy going into recession there is a lot more resentment or concern, maybe even fear, about being part of the international economy. How do you make the case that, at the end of the day, globalization is in the best interest of the economy?*

**EZ:** Well, I think that you have to analyze the outcomes, and you have to explain the outcomes to the people. Of course you have to start by recognizing that in the market economy, it is not true that every time, everywhere, everybody wins. Sometimes somewhere somebody loses, right? And then it becomes a political and social question whether you support or compensate the losers. And more frequently than not, governments fail to support those losers, who from a social and political point of view should be compensated and supported in order to play on a level playing field. I think this has to be recognized. But then you have to move ahead and recognize that there are many people, including in the United States, who have enormous benefits, from trade, from international investment, from globalization, and are totally unaware that they are beneficiaries of globalization. They are never told, and they never mobilize. They do not know how severely threatened they are by protectionism; how much the goods they buy in their Walmart depend on globalization; how much their local jobs, in a way, depend on globalization. Yet, some interest groups are able to mobilize people who feel or believe they have been affected by globalization, and they tend to have more influence than the passive beneficiaries of globalization. SO you come back to the problem of leadership. A leader has to be evenhanded—you have to listen to the opponents of globalization, but you also have to talk to the beneficiaries of globalization, who are the majority, and you have to make them speak out and to make the case vis-à-vis the opponents.

*JL: Let me ask you one final question. Globalization is likely to remain a major issue, not just here in the United States but around the world. What role can universities play in helping enrich the public debate over globalization?*

**EZ:** Well, I think educating better in those issues—not only teaching them the pure theory of international trade or a purely neoclassical approach to economics, I think you also have to present the case of the critics, to do research on the arguments of both sides, and engage the students in the debate, and to force them to engage in this debate in a careful, rigorous, intellectual way, not merely to adopt political positions without first analyzing the facts and the ideas.

*JL: Mr. President, thank you very much.* 

## BENSON LIBRARY ACQUIRES HORMAN PAPERS

In September 2008, UT's Benson Latin American Collection, in collaboration with the Bernard and Audre Rapoport Center for Human Rights and Justice of the UT Law School, acquired the Joyce Horman and Edmund Horman Papers. The acquisition is part of the UT Libraries and Rapoport Center's efforts to expand the archiving of documents at the University of Texas on human rights abuses worldwide.

The collection is named for the wife and father of Charles Horman, a Harvard-educated American writer and filmmaker killed during the Pinochet coup in September 1973, and documents their attempts to uncover what happened to Charles when he went missing during the first days of the coup. When his body was found a month later, they continued to seek information on the circumstances of his death. Ultimately, they learned he had been abducted, tortured, and murdered at the start of the coup, which ended the democratically elected government of socialist Salvador Allende. The events surrounding his death are documented in the 1978 Thomas Hauser book *The Execution of Charles Horman* and dramatized in the 1982 Costa-Gavras film *Missing*.

The archive includes documents from the *Joyce Horman v. Henry Kissinger* lawsuit, correspondence between Edmund Horman and government officials, and copies of declassified documents the family obtained through the Freedom of Information Act. In 1999, a previously heavily redacted State Department memo was released regarding the role of U.S. intelligence in Horman's death. It admitted that, at the very least, the U.S. provided information that motivated his murder by the government of Chile; at worst, U.S. intelligence knew that the government of Chile saw Horman as a threat and did nothing to prevent his murder.

The acquisition of the papers was commemorated with a human rights panel in the Benson Rare Books Room on September 12, 2008, and included, among others, Peter Kornbluh of the National Security Archive, Ariel Dulitzky of the Rapoport Center, Chilean human rights psychologist Elizabeth Kornfeld, and Joyce Horman. The archive, which provides researchers with valuable primary material on U.S. Cold War policy in Latin America, will continue to grow with additions by Joyce Horman. Edmund Horman died in 1993 at the age of 87.

For more information on the Horman Papers, visit <http://www.lib.utexas.edu/taro/utlac/00271/lac-00271.html> or contact Benson archivist Christian Kelleher at <kelleher@mail.utexas.edu>.