

# TWENTY-NINTH WORLD ECONOMIC FORUM AT DAVOS

## CONTROLLING THE IMPACT OF GLOBALIZATION

**F**orty heads of state and government, 250 ministers of economy and finance, a thousand businessmen and hundreds of experts met in Davos, Switzerland, January 28 to February 2, to debate the responsibilities for the global economy and strategies for a lasting peace in conflict zones. This objective was outlined in the Initiative for a Transition to Peace jointly developed by the forum itself and the Shimon Peres Center for Peace.

During the meeting, Ruth Dreifuss and Roman Herzog, presidents of Switzerland and Germany, respectively, emphasized the social responsibilities that globalization imposes and called on the industrialized countries to stimulate their economies and create a social world order. They also asked governments and central banks to coordinate economic policies to foster growth and avert currency fluctuations in order to preclude panics and create confidence in the world's markets.

When confronted with the problem of how to deal with the social disintegration caused by overwhelming competition at the cost of solidarity, President Herzog said that the classical conception of foreign policy should be changed, since it is part of all fields of politics, the economy, society and culture. President Dreifuss mentioned the close interaction that should exist between economic well being and democracy, citing the important role the business community can play in promoting democratic governments by, for example, supporting an end to child labor and the struggle against corruption and paying wages that allow workers to live above the poverty line.

The president and founder of the forum, Klaus Schwab, said that the free market and the interests of society should be balanced to ensure that the gap between rich and poor countries does not grow. "Social cohesion and the free market are not natural enemies. We need globalization because it is an opportunity to share capital, technology and knowledge on a world scale and to take care of a world which, at century's end, has four times the number of inhabitants it had at the beginning of the century."

Mexican Finance Minister José Angel Gurría, interviewed by Reuters about the possible dollarization of the Mexican economy, said that it is not on the agenda for the moment, given that the floating peso system "is working well."

The forum concluded with two different positions about how to deal with the crisis of world markets: one proposes a total overhaul of the international financial system and the other counsels only certain adjustments. After analyzing the causes of the Southeast Asian crisis and the most recent crises in Russia and Brazil, German Chancellor Gerhard Schroeder demanded greater controls over international financial markets, while Japan, France and Great Britain opposed more restrictions. It was announced finally that concrete steps would be taken on this question at the Group of Seven summit to be held in Cologne, Germany, in June. ■■

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