

LOWY INSTITUTE PERSPECTIVES

NEW VOICES 2005

BINDING THE WORLD TOGETHER

OUTCOMES REPORT

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The Lowy Institute for International Policy is an independent international policy think tank based in Sydney, Australia. Its mandate ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it is not limited to a particular geographic region. Its two core tasks are to:

- produce distinctive research and fresh policy options for Australia’s international policy and to contribute to the wider international debate.
- promote discussion of Australia’s role in the world by providing an accessible and high quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

Lowy Institute Perspectives are occasional papers and speeches on international events and policy.

The views expressed in this paper are the author’s own and not those of the Lowy Institute for International Policy.

OUTCOMES REPORT

“New Voices 2005” *Binding the world together*

held on
Friday, 10 June, 2005
at the
Lowy Institute for International Policy
31 Bligh Street, Sydney

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Purpose: On 10 June 2005, the Lowy Institute hosted its second annual *New Voices* conference¹. The Institute’s *New Voices* initiative is part of the Institute’s outreach efforts and serves three main goals: 1) to introduce the Institute and some of the bigger questions it grapples with to a new audience; 2) to provide engaged early-career people from a variety of backgrounds with a platform to express their insights and ideas on important issues of international policy; and 3) to facilitate professional cross-pollination and relationship-building.

New Voices themes emanate directly from the mandate of the Lowy Institute which is to analyse in a practical, policy-relevant manner Australia’s place in the world and the global challenges and opportunities facing different groups in Australia. *New Voices 2004*’s theme of Australia’s changing borders focussed more on Australia. *New Voices 2005* focussed more on global challenges and opportunities.

New Voices 2005 was predicated on the view that globalisation is a bottom-up process, not a top-down project or grand plan. The conference delegates were chosen to show the diversity of this process and some of the common tensions underlying it. The conference provided a series of practical insights into how globalisation shapes our daily professional lives and vice versa. It therefore moved away from abstract, general discussions of globalisation that are often captured by debates over concepts and language and attempts to provide all-encompassing answers. The conference agreed that globalisation is too advanced to ignore, but too vast and dynamic to address definitively.

Rather than providing a summary of each session, this brief report will highlight some of the tensions inherent to globalisation that were canvassed during the day. Most of the presentations and much of the discussion touched on five tensions.

As with the conference, this report will follow the Chatham House rule of non-attribution.

- 1) **Speeds of change:** Guided by our first session on Communications Infrastructure, the different speeds of change involved in globalisation were a recurrent theme

¹ 46 people attended the full conference from eight general cluster groups. With some double-counting, 14 attended from the government, 10 from academia, 8 from business (including architects), 5 from the not-for-profit sector, 3 from legal firms, 2 from journalism and 6 from the Institute

throughout the day, particularly the difference in speeds between technological change and human adaptation and between commercial change and regulatory adaptation.

Technological change driven by commercial imperatives is now so fast that domestic – let alone inter-state – regulation cannot keep pace. The spread of mobile phone and internet technology has been much faster than the deliberative processes of the International Telecommunications Union, the would-be global regulator, undermining its *raison d'être* and permitting newer technologies like Voice over Internet Protocol (VoIP) to flourish in a largely unregulated manner. The Union often takes up to seven years to come out with a joint position on a new technology. The effective leveraging of rapid technological change is also posing difficult challenges for individual and organisational adaptation speeds. Examples were provided of some of the largest, most established businesses in Australia not faring well on the internet as they were unable to adapt to the demands of this new technology, but felt impelled to have an internet presence.

Different technological capabilities and speeds of transmission also pose new challenges for communication partners and systems interoperability. The most startling example mentioned was the fact that the Australian Defence Force's Central Command has communications systems that can transfer information 2000 times quicker than broadband internet. Yet, field operations organising overseas deployments often have facilities that are twenty times slower than broadband internet. This requires careful information transmission prioritisation and reducing the risk of information overload.

The different speeds of transmission and adaptation can also act as a driver of international institutional development and change. In the case of the International Criminal Court, global communications of man-made humanitarian disasters and the global communications infrastructure facilitated the formation of a movement of not-for profit groups to work together to push for the formation of the Court. The rapidity of global communications helped establish the popular basis for supporting a new international legal body and for not-for-profit groups and committed government agencies to speed up the establishment of the Court.

- 2) **Inclusion-exclusion:** The most general and frequently discussed tension was between the inclusive power of globalisation and its often exclusive nature.

The internet has provided every entrepreneur with an instant global distribution network while the expansion of mobile phones and the internet have drastically lowered the cost of national and international communication. As with the International Criminal Court example, the globalisation of information has empowered non-state groups to engage with what were traditionally exclusive realms of state interaction. Sparking the most debate, one presentation also focussed on how economic globalisation has smoothed global market volatility and enhanced global economic equality, by extension leaving fewer people on the socio-economic margins.

However, many participants expressed a concern that economic globalisation excludes many people from global progress and exacerbates global inequality. During the day there were quite clear indications that the spread of global

communications capability is very uneven. Most of Africa and the Pacific and large swathes of Asia are not “wired” while their mobile phone penetration rates are still very low. The “digital divide” exists, seems to be widening and many of its commercial drivers are missing or limited in these areas. The very pace of technological developments and their varied applications mean that the costs of being on the wrong side of this divide increase rapidly. In countries on the right side of the divide, concerns were expressed that segments of the population without access to rapidly changing technology or the adaptive skills to leverage them are also being left behind.

- 3) **Centralisation-diffusion:** The very nature of global communications networks favours rapid diffusion of access and centralisation of control.

Telecommunications systems are a network economy. Prices fall when network membership expands, making the largest networks the most attractive and giving their controllers significant market power. The diffusion of access can also strengthen the centralisation of control as no operation is beyond the reach of headquarters thereby limiting the freedom and discretion of local operations. The centralisation of control and its economic benefits though can lead to some unintended circumstances. Many advertising campaigns that take advantage of global economies of scale run afoul of local consumer sensitivities and are counterproductive. Multinational corporations’ global value chains are causing an increasing number of tricky cross-cultural communications pitfalls. Information is globalised. Knowledge is not.

Diffusion of access to information has also spurred efforts by individuals and institutions to avoid the limitations of centralisation and regulation and to challenge them. The globalisation of technology and finance is also detaching organisations from territorial bases and their limitations. The open-source software and creative commons movements are attempts to leverage technology’s reach to counteract commercial centralisation and control, to redefine information and intellectual property as a public, not a private good. Open-source software is trying to leverage the internet’s diffusive power to counteract software technology’s monopolisation. The global purchase and trading of shares and bonds enhance corporations’ ability to grow while diffusing their ownership structure.

- 4) **Market-state:** The conference identified four concrete examples of how globalisation is creating or enhancing market-state fusions and tensions.

First, the different speeds referred in the discussion mean that international regulatory bodies cannot keep ahead of market advances. These regulatory bodies need to limit their scope of coverage and engage more with the commercial providers. Both the International Telecommunications Union and the Institute of International Finance bring together national and global regulators with commercial providers. Inter-state regulatory regimes at the cutting edge of the globalisation process need to become more flexible, inclusive and engaged in dialogue with market actors.

Second, governments’ most sensitive communications systems are increasingly linked into (dependent on) commercial telecommunications networks creating possible conflicts over network prioritisation and systems interoperability. The costs

of setting up and maintaining a communications network and the scope and depth of commercial networks means that the benefits of integration are undeniable but this integration does throw up some new and challenging security concerns.

Third, in the field of architecture, differences between national regulatory regimes are posing very difficult problems for the sampling of different, distinct styles of architectural design. Some national regulatory regimes favour defining buildings as works of art and providing architects with long-lasting and comprehensive intellectual property rights. Other national jurisdictions favour the rights of property owners and users and limit the intellectual property claims of architects. With building designs now open to global biddings and scrutiny these jurisdictional differences are becoming more of a hindrance and are undermining the certainty of property rights and the intellectual basis of architecture.

Fourth, the financing and risk management approaches to North-South investment are strengthening the linkages between multinational corporations and their home governments and reallocating market risks, often to the detriment of developing state governments. The privatisation of emerging market public utilities and global bidding processes have expanded the scope and importance of state-owned export finance and insurance bodies. Global construction firms and utilities providers are increasingly looking to emerging markets for new business and using their home country export finance and insurance bodies to ensure a predictable return. Yet this causes the moral hazard problem of socialising market risk. Often, it transfers the risk from the contractor through the state export finance and insurance body to the emerging market government which has privatised utilities and opened up to foreign contractors to limit such risks.

- 5) **Security-freedom:** The final panel of the day on Human Rights touched on how the advent of global terrorism and the War on Terror is redefining through practice international law and its core tenets.

The right of *habeus corpus* is now under threat as the United States has drawn clear distinctions between the rights of citizens and non-citizens and kept "enemy combatants" outside the remit of both international law and American domestic law. States are using the novelty of global terrorism to carve out new exceptions to international law. In a sense, the War on Terror is weakening international law and acting as an agent of de-globalisation. The widespread tolerance by other states for these newly introduced exceptions legitimises them and opens the door for more exceptions to be created by individual states in the future.

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