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Thank you very much for your kind remarks.

Dear friends, I am extremely happy to be here this evening. I have a problem: I'm not really sure what to say, because I'm not supposed to comment on the book I have just written. The book is more a collection of writings. The idea for it came out of a conversation I had with former US President Bill Clinton. We were discussing various issues, and he asked me if I had written anything about it. I said yes, but that most of it was in Spanish, so the decision was made to produce a few things in English. So here we are.

It is difficult to present something, but I can say as an introduction a few things about Chile. Chile is a democratic country, human rights are respected, there is competent macroeconomic management throughout, we practice sustainable development, we are trying to apply good social policies in order to be able to provide what the market is unable to provide, especially for those with the greatest needs, and cultural diversity exists. Many different cultures coexist within our country. We feel that we have done our job.

In order to have more growth, we have had to look abroad. We are a small country, 15 million people, and therefore we need to go global and see what happens. I would say that this was a decision made by the majority of Chilean society. When we were negotiating a free trade agreement with the United States, I explained to President Bush that we were doing so with the backing of the farmers and the trade unions of our country, that in fact they were sitting right next door. He said to me, 'how's that? You mean to tell me that these union members are next door because they're in favor of the free trade agreement?' And I said yes, because if we negotiate well, we will be able to create export-related jobs in Chile. I tell this story because it is atypical for the trade union movement in general. Not everyone in the movement was happy about it, but the majority was.

So what is the problem? First off, when you decide to go abroad, you encounter problems. Meanwhile, globalization is occurring rapidly, but who will put rules in place to regulate the process? We also noticed that as globalization spread, governments began to contract their reach. The first thing for us to do as a

country, then, was to decide on our risk factors. Our international credit rating is very important, in terms of interest rates and bonds for foreign investors.

Secondly, which is more important: the internal interest rate of the Chilean Central Bank, or the interest rate of the U.S. Federal Reserve? Given the kind of globalization that we have, what Mr. Greenspan says is much more important for many Chileans than what the president of the Central Bank in Chile says. You realize that even though everything you learned in school about Chilean monetary policy is extremely important in theory, it is less important in practical terms than monetary policy in the United States. Needless to say, the old discussions about the Bank of England and John Maynard Keynes, or the debate between the Bank of England and a European Central Bank remain.

But we have also discovered that problems arise along with increased trade: problems with antidumping legislation, agricultural subsidies, fitosanitary issues, and other things. We had some problems with government procurement, because procurement is normally reserved for the country of the government in question, etcetera. We had some problems with intellectual property rights as well.

So what is the book about? It's about something very simple. When a country has completed all the internal tasks it is supposed to do, which are essential in today's world, it is not enough, because an international forum must be established for them to take hold. Also, international politics, at least for a sizeable portion of the population, becomes local politics, because what happens with US interest rates is going to have an effect in Chile.

Another example of this that I will cite comes from a book by Mr. Carter, who once mentioned being in London for a G-8 event. There was a discussion there between the German Chancellor and the French President, in which the Frenchman said to the German, 'How long are you going to keep your monetary policy so tough? It's producing problems in France, and we have elections next year!' Multilateral politics become local politics at times like that. Then the issue is, what about the south? When you see things from the south, you discover that most backers of multilateral politics have very little to do with the south, and are mostly established in the north. The German Chancellor's discussion with the French President is fine, but it's not the kind of discussion that the President of a foreign country called Chile is going to have with G-7 and G-8 leaders, even if he is good friends with them.

How can we explain to a local worker in Chile that his situation is going to change because of the economic conditions in some foreign country, or because of antidumping legislation? In today's world, some kind of forum to discuss issues like these is going to be essential. As the world grows smaller and smaller, and globalization bigger and bigger, there are quite a few areas where even though you have a national state created in the 16th, 17th or 18th century, that state decides that some public goods are necessary—defense, for example, or universal education or healthcare. And it was natural for that society to find a system to distribute those public goods to which everyone is entitled.

It is a different story if those goods are provided by the public sector or the private sector. But if civilized society determines that everyone should have an education, it's up to the government to fulfill that requirement. And at the multilateral level, certain public goods are emerging there as well. So the question becomes, when, where and how these supposed international public goods are going to emerge. And this, in part, is what the book is about. What about the environment? What about global warming? These are problems that will not be tackled at the national level, and therefore, some kind of multilateral institutions must emerge, if we are to tackle these issues in a good way.

As the world becomes smaller and smaller, there will be more and more international public goods. And the issue will then be where to define those issues. Just as we consider the need for good political behavior in today's world, something has to be established at the multilateral level. This year, as I leave the government of Chile, I have discovered that what is going on in the multilateral arena is going to be an increasingly important element in this 21st century. The big issue is how we are going to be able to tackle these issues. We do have quite a number of institutions—NGOs like the United Nations and the International Criminal Court—so what will be the next step for reform? In Chile we have been able to discuss this issue.

I would like to end this presentation by saying that I am thankful to FIRST Magazine for their decision to go ahead with this. It's not formally a book, but rather just a collection of essays with an introduction to explain the meaning of many of these things. But at the same time, I think that someone from the south trying to reach the English-speaking audience would be a useful exercise so that those of you here in Europe, in the UK, can produce theoretical articles on the matter. Political and economic thought here, EU budget discussions, trips to

Brussels—international political discussions becoming local ones—are normal for you.

Now, Chile is a country with many free trade agreements—the combined population of all the countries with whom we have trade agreements is one billion. This changes the atmosphere of our situation, as well as our prospects: a country like Chile ends up with quite a few responsibilities. But I think that many of these larger countries have responsibilities in this matter as well, in terms of the rules that we are going to establish and who will be called to participate in those rules.

Since I am still President, I should stop here, because there are things that are not appropriate for me to say. But later on, we will be able to speak much more clearly about these issues, particularly in the context of negotiations that have been very interesting from a practical, and not only theoretical, point of view.

You here in Europe have been able to accomplish an integration that from the point of view of the south is quite amazing. This integration has not been without its problems, but it has reached quite a solution. In today's issues with the budget, or the constitution, you can see that since the early Community of Coal and Steel in the early 1960s to where you are now, you have demonstrated in a very practical way that it is possible for local politics to become at least European politics. You have learned that the only way to have a regional bloc is to think beyond the borders of a particular country and think big. You here in the UK have been able to think big, which is why you have been so successful. You have democracy, growth and social programs. I know that the big challenge today is how to maintain those social programs, but you will find a way.

I thank you all for being here, and I think you for publishing this book. Thank you very much.