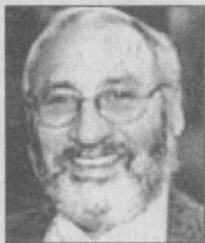


Lessons from the tsunami

VIEW



Disasters
Daily 11-12
12-2-05

JOSEPH E. STIGLITZ

No one pretends that we can prevent or alter the forces of nature. Rather, we have to learn to cope with them. There are now calls for improved tsunami early-warning systems. But in one area, global warming, we have already received an early warning. Sadly, it will likely destroy some of the same countries ravaged by the tsunami

THERE ARE MANY LESSONS THAT EMERGE from the tsunami that brought such devastation and loss of life to Asia. It demonstrated the power

of globalisation, as television brought vivid pictures of the destruction to homes around the world. Indeed, it is at times like this that the world truly does seem like a global village.

Of course, it seemed to take somewhat longer for news of the extent of the disaster to reach the Crawford, Texas, ranch of President Bush. But, in the end, he decided to interrupt his vacation and offer amounts of aid that were successively revised upwards, in a global competition which promised to benefit those who were desperate for help.

America's aid still appeared niggardly when compared with the amounts offered by countries with a fraction of America's economic wealth. Lightly populated Australia offered more than twice America's assistance, Japan promised almost 50 percent more, and Europe pledged more than five times as much. This led many observers to reflect on the fact that the world's richest country was in general the most miserly in foreign assistance — all the more so in comparison to the amount it spends on war and defence.

The disaster was international, so it was appropriate that the United Nations take the lead in coordinating the relief effort. Unfortunately, in an effort that was widely seen as another attempt to undermine multilateralism, the US tried to lead a "core group" driving the assistance programme, ignoring ongoing efforts within the region and at the UN. Whatever America's motive, it later wisely decided to join the UN effort. The Bush administration's face-saving rhetoric that it had rushed to push together the core group in the absence of other efforts was quietly let to pass.

The response of some countries within the region was truly impressive, showing how far they had come in establishing efficient and effec-

tive governments. Myriad details were addressed: Thailand flew ambassadors to the affected part of the country to help attend to the needs of their citizens; helped those who lost their money and passports return home, provided healthcare for the injured, set up systems to identify bodies, and dealt with the difficulties posed by shortages of body bags and the lack of cold storage facilities.

Countries, like Thailand, that felt that they could handle the finances on their own asked that assistance be directed to others. They did ask one thing: a reduction of tariff barriers and greater access to markets abroad. They didn't want a handout, only a chance to earn income. The response, at least at the time of this column's writing, has mostly been deafening silence.

On the other hand, the G-7 made a truly important contribution in offering debt relief. This is especially important for Indonesia, which must service a debt of \$132 billion (of which \$70 billion is owed to public creditors or guaranteed by government agencies). Even without the tsunami, this debt burden would have been an enormous hindrance to the country's development as it finally recovers from the aftermath of the 1997 financial crisis.

Indeed, there is a compelling case to be made for Indonesian debt relief in any case, given that much of the debt was incurred in loans to the corrupt Suharto government. Lenders knew, or should have known, that not all of the money was going to help Indonesian development. Moreover, some of the debt was incurred as part of the 1997-1998 crisis which was aggravated and deepened by IMF-imposed policies.

No one pretends that we can prevent or alter the forces of nature. Rather, we have to learn to

cope with them. There are now calls for improved tsunami early-warning systems. But in one area, global warming, we have already received an early warning. Most countries have recognised this, coming together in Rio and Kyoto to do something about it — not enough, but the Kyoto protocol was intended only as a start. Sadly, global warming will likely destroy some of the same countries ravaged by the tsunami. Low lying islands like the Maldives will become submerged.

We are, however, still not a global village. After first disputing that there was scientific evidence of the problem, the largest polluter in the world, the US, is now simply refusing to do anything about it (other than preaching voluntary restraint — of which there is little evidence, at least in America). The international community has yet to figure out what to do with an aberrant member who fails to live up to its responsibilities as a global citizen.

Optimists say that technology will solve the problem. Realists observe that in the long race between the environment and technology, it appears that technology has so far been losing. Nature, as we have learned from the tsunami, has its own timetable. Unless we learn how to respect it, we will all miss the boat. —DT-PS

Joseph E Stiglitz, a Nobel laureate in economics, is professor of economics at Columbia University and was chairman of the Council of Economic Advisers to President Clinton and chief economist and senior vice president at the World Bank. His most recent book is The Roaring Nineties: A New History of the World's Most Prosperous Decade