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United Nations Secretary-General to 2002 International Human
Resource Forum, Institute of Economics, Chinese Academy of Social
Sciences
Beijing, China, December 15, 2002**

Delivered in abbreviated form

I am very pleased to have this opportunity of addressing you as you begin this International Human Resource Forum, and I feel especially privileged to be doing so in such distinguished company. I commend the Institute of Economics of the Chinese Academy of Social Sciences for hosting this Forum, the China Reform and Development Committee and all those who have joined in sponsoring and supporting it, especially the Executive Office of the Secretary-General of the United Nations and its UN Global Compact China Centre as well as the office of Human Capital Development. I want also to echo the message of Secretary-General Kofi Annan, who has taken such a special interest in this forum, as evidenced by the presence here of his representative for the Global Compact, Fred Dubee, and of course, The UNDP in the champion of human development.

The subject of this forum could not be more important or more timely. For while the war against terrorism, the on-going conflict in the Middle East and the prospect of a new war with Iraq pre-empt the immediate attention of the media, the public and political leaders, it is in the development, deployment and management of human resources that the future of nations and the world community will ultimately be determined. I am greatly impressed at the degree to which this is fully recognized by China's leadership, as evidenced by the priority accorded to education in its Tenth Five Year Plan. The important decisions of the recently completed 16th National Congress of the Communist Party of China and its endorsement of the theme of the "Three Represents" provide a promising road map for the next phase of China's long march to the front ranks of the world's most influential nations. People are a nation's fundamental resource on which all development depends. And in human resource terms China is the world's richest nation, its "people" super-power.

As this forum testifies China has also wisely recognized that to realize the full potential and power of its people requires the achievement of a stable equilibrium between the level of its population, its economic progress, the quality and standards of life to which they aspire, and the

sustainability of the environment and natural resource systems on which this depends. China was the first major nation to establish rigorous policies to keep its population at sustainable levels, and this has enabled all Chinese to benefit from the phenomenal growth of China's economy. Maintaining a sustainable balance between these inter-related dimensions of the development process is the primary challenge that China now faces. The development and management of its human resources will be the principal determinant of its prospects for success in meeting this challenge. I am confident based on the evidence to date that China is on the pathway to success in this. But it will not be an easy pathway.

What impresses and fascinates me so much about China is that it is at the same time one of the world's most ancient civilizations and its most exciting new frontier. As a friend of China who has been coming here regularly for almost fifty years, I have been privileged to witness the remarkable transformation of this great nation, first in consolidating, unifying, and rebuilding the strengths of the country following your successful revolution, and now your emergence as the most dynamic new force in the world economy. This transformation is occurring at a time of rapid and radical change in the very nature of our global society and in the skills and capabilities required to stay on the leading edge of these changes.

As a long-time friend and observer of the momentous events that have characterized China's development during the past half century, I have long ago realized that I have far more to learn from China's experience and its traditions than I could possibly contribute. Accordingly, in sharing now my observations concerning the human resources challenge now facing China, I want to make it clear that they derive from my general experience and not any special expertise about conditions in China itself. It will be for you to determine the extent to which these observations have relevance to the particular challenges which you face.

With the opening up of its economy and its membership in the World Trade Organization, China is moving rapidly toward a much higher degree of integration with the global economy. At the same time, China's security is also closely linked with developments affecting global security and in particular the security of this region. This has inevitably made China both a major participant in the processes we now refer to as globalization and a main recipient of its impacts -- both positive and negative. For China, interdependence is a reality and the manner in which it manages its important role in an interdependent world while retaining its own distinctive character and values will be critical to its future.

At the global level, interdependence has changed the nature of how nations and their institutions manage their own affairs and their relationships with each other. For interdependence functions through a system of relationships in which cause and effect are often separated from each other in space and in time, transcending the boundaries of nations, institutions, and sectors. Most local decisions and actions take place in a global context in which what happens in other parts of the global system can have decisive impact. Crop failure in one part of the world can affect prices that consumers pay at their local shopping centre, or the prices they receive for their produce. Downturns or disruptions in the economies of importing countries affect the jobs and livelihoods of those that depend on their markets.

In the environmental field, in which I have long been active, all countries are affected by risks to the earth's environment and life-support systems, as for example through increases in greenhouse gas emissions which contribute to global climate change. The fact that such emissions derive from behaviour and practices which are essentially local demonstrates the systemic link between the local and global dimensions of the issues which affect our lives. This has immense implications for the manner in which we take and implement our decisions.

The cause and effect processes through which our decisions have their ultimate consequences are global in scale and systemic in nature. But the institutions through which we seek to manage them are far from systemic. International organizations, notably the specialized agencies of the United Nations and the World Trade Organization, which is not part of the United Nations but closely related to it, are structured in their mandates and their capacities around particular sectors which reflect the structures of the ministries and departments to which they are related in national governments. While there are coordinating mechanisms through which they can consult on issues of overlap and common interest, there is no mechanism that can require a systemic or integrated approach to such issues. This gives rise to significant controversies, as for example when the World Trade Organization is reluctant to take into account the environmental and social impacts of the trade agreements it negotiates.

The same is true to varying degrees of other international organizations, notably the decisions taken in respect to monetary policy by the International Monetary Fund. In recent times, there has been an increasing number of instances in which decisions taken by one organization within its own specialized mandate have major impacts in

other sectors, which can give rise to controversy and even conflict. In response there has been a greater tendency recently to take these second-order consequences into account. However, characteristically specialized organizations do not have the skills or the experience or even the attitudes which would enable them to do this satisfactorily. Nor are they well-gearred to conducting well-functioning, cooperative, or coordinating relationships with the other organizations primarily concerned.

Similar issues exist at the national level in which governments are structured around particular sectors. The difference is that at the national level there is usually a cabinet or central executive authority which has the power to ensure that the various elements are reconciled in the position on the matter taken by the government. This, however, is more often true in principle than it is in actual practice, and at the international level, although the United Nations Secretary-General is clearly acknowledged as the leader of the multilateral system, he does not have the power to require cooperation or compliance with decisions which heads of national governments exercise. But he has only modest funds at the disposal as most multi-lateral funds are deployed by the WORLD BANK, regional development banks and Bi-lateral organizations.

Thus at the macro level, both internationally and nationally, our decision-making and action processes are still far from being effective in integrating in a systemic way the various factors which will affect the real consequences of such decisions and actions. As I have already indicated, part of this arises from the deficiencies in the institutions and coordinating structures which have responsibility for taking and implementing such decisions. But much of it is due to the fact that the attitudes, the skills and indeed the culture of the people involved in these processes are not well attuned to or experienced in dealing with such matters systemically.

What is true at the macro level is also true at virtually every other level at which institutions and even individuals take their decisions and their actions. I dwell on this because I believe it is the main single challenge in the development and adapting of our human resources to dealing effectively with the systemic nature of the issues by which our interests are served and our futures are shaped.

In a world in which knowledge and the ability to apply it is the principal source of added value and comparative advantage, there is a great premium placed on the specialized skills required for leadership and success in the vast variety of tasks that people perform in contributing to the effective functioning of our society. This requires education and

training that is highly specialized. Modern educational and training institutions and the human resource development programs of governments and the private sector have given high priority to meeting these needs. However, I submit, much less priority has been accorded to inculcating with specialized education and training an understanding of the systemic context in which these specializations are applied or the attitudes and skills required to relate them to the system of cause and effect relationships which will ultimately determine their effectiveness. Thus while human resource development necessarily concentrates on producing people with the specialized skills that our sophisticated, technology-based society requires, there has been too little emphasis on developing the skills, attitudes and culture required to ensure their effective integration into the larger systems of which they are a part.

I am convinced from my own experience in both the public and private sectors that these integrative skills will be more and more necessary for the effective functioning of governments, national and international organizations and private sector corporations and businesses. In a rapidly changing world, the ability to understand and respond to the entire complex of inter-relationships which determine progress and success will be decisive. It is those with the integrative skills that will be able to foresee the shifts in markets, in technologies and in societal priorities that threaten existing practices, employment patterns and businesses. These require new skills and approaches and open up new opportunities. This will drive major shifts in policies, skill sets, and practices.

Human resource development in a rapidly changing world requires a continuing, lifelong process of learning, adaptation, and experience, both within and outside of the workplace. Formal education is an essential but not sufficient part of this process, and more and more must occur not only in preparation for a career, but throughout one's career. This is true at every level for those who make their career in science, professions and executive management roles to industrial, administrative, and agricultural workers. All organizations are in the business of human resource development. President Jiang Zemin in his speech to the APEC High Level Meeting on Human Capacity Building in 2001 said that a learning society requires creation of a lifelong education system, which provides increased access to information technology by disadvantaged groups and special attention to cultivation of young professionals. I am impressed to know that as a result of the significant focus of your Ministry of Education on continuing education, some 50 million people have graduated from

vocational schools in the past two decades and plans call for 30 million people to receive vocational education in the next three years.

Preparing people for employment and improving their employment performance is not, however, the only purpose of education and training. President Jiang Zemin's report to the 16th Party Congress emphasized the need to integrate productive labour and social practice, focusing on all-round development in morality, intelligence, physique and art. He called for equal stress on social sciences and natural sciences and to give full place to the important role of philosophy and other social sciences in economic and social development.

Education and training is also required to prepare for re-employment those made redundant through restructuring of enterprises and the transformation of agriculture from traditional labour-intensive to modern methods. Indeed, I understand that some 600 million rural workers face the prospect of becoming surplus within the next two decades. The many millions of surplus industrial and rural workers and retirees who are no longer able to work at remunerative employment need opportunities to develop the skills, attitudes and opportunities which will enable them to live personally satisfying and socially constructive lives in their post-employment years. It is encouraging to note that China is developing special programs to meet this growing need to enrich the latter stages of people's lives and enable those who have contributed to the development of society to become beneficiaries rather than victims of the radical changes which have produced such remarkable progress for society as a whole. An innovative example is the University of the Third Age for retired railway employees, a project of the China National Committee on Aging. There is, I submit a great potential for encouraging and supporting revitalization of traditional arts crafts and culture both in creation of expended livelihood opportunities at the local and community level and contributing to the economy.

Information technology is revolutionizing the methods of education and training, making it possible for people everywhere to have access to vastly expanded sources of learning in areas of their interest. It permits a close and continuing linkage between continuing education and on-the-job work experience, and makes educational programs available to people in the most remote areas. It also enables universities house the benefits of sharing knowledge and experiences. A major project is now underway to build computer-based teaching and research networks linking 152 universities in the relatively disadvantaged areas of western China. The "211" Education project initiated in 1996 has given major impetus to higher

education and academic research by developing links, databanks and digital libraries, transforming approximately 100 universities and colleges into research centres.

The goals established for education in the Tenth Five Year Plan demonstrate the priority that China is according to education, undertaking to bring basic education to the levels of more developed countries by the year 2010 and implement the nine-year compulsory education plan in most parts of the country. The goal of increasing the number of students attending university from 11% to 15% in this period while enhancing the quality of the education they provide will require a greater expansion of China's university system than any country has ever accomplished in a similar period.

The private sector is also performing an increasing role in education and training as non-public schools and institutions, from kindergartens to universities, are growing in number and receiving more recognition and encouragement from government. But the greatest contribution the private sector makes to human resource development is in the opportunities it provides for people in the course of their work experience to continue to develop and apply their skills, as well as the many programs which private enterprises also offer their employees for this purpose. Private enterprises are attaching more and more importance to their "human capital." Indeed, today the success of enterprises depends even more on the quality of their human capital than their financial capital. For financial capital flows to those who have demonstrated the quality and capability of their human capital. This makes human resource development an indispensable key to their success.

The world's most successful enterprises today are those that are based mainly on the quality of their human capital as distinct from their financial capital. The legal, accounting and other professional services organizations are foremost examples of this. If I may cite a personal example, the firm with which I am affiliated, in an advisory role, CH2M Hill, has become one of the leading professional engineering and services organizations in the world in the fields of environment, water, information technology and related areas only by developing its human capital through offering the very best people in their fields of professional activity opportunities for satisfying and rewarding careers. In each country in which it operates, it seeks to employ and develop local people. And as the company is entirely owned by its employees, it offers them the opportunity to become owners as well as employees. I am pleased to say that after operating for over 20 years in China, more than 90% of its employees are

Chinese and as it enters into a major expansion of its activities in China it is committed to becoming Chinese while remaining part of a truly global family. One of the advantages that such international firms bring to China is the capacity to link professionals and workers with their counterparts in other parts of the world, enriching the experience and expanding the opportunities for all of them.

The monumental, exciting opportunities that China's unprecedented economic growth provides are, of course, a great magnet for foreign companies and investors, and the immense opportunities available to Chinese enterprises are mainly right here in China. At the same time, China's membership in the World Trade Organization and the opening up of its economy to the world also require that Chinese enterprises reach out to the larger world where so many Chinese products are now sold, and there are great opportunities for Chinese businesses and expertise to facilitate this process. Partnerships between foreign and Chinese enterprises provide mutual benefits and opportunities for both partners. Such partnerships make extremely important contributions to human resource development.

The initiative of United Nations Secretary-General Kofi Annan in inviting corporate leaders from throughout the world to join in a Global Compact brought together an impressive group of business leaders committed to responsible global corporate citizenship, providing a platform for dialogue on cooperative activities, and forming partnerships among business, labour and civil society. It is designed to help enlist the formidable capacities of business and civil society in the support of the purposes and programs of the United Nations, and contribute to achievement of its Millennium Goals.

Reliable and fairly administrated rules are essential for the effective functioning of societies. But the fundamental principles on which such rules are based provide their essential foundations and determine the degree to which rules are respected and can be effectively enforced. Rules represent the practical manifestation and codification of principles. The Global Compact does not enter into the process of rule-making, but the principles to which its members adhere provide the soundest, most effective basis for rules that are fair, responsible and effective. This is an enlightened and promising initiative in which it is important that Chinese enterprises participate. And it provides a unique opportunity to manifest China's growing opening to and influence in the world community.

Partnerships are normally accompanied by foreign investment, and China has already become the leading recipient of private investment. But much more will be forthcoming from both foreign and domestic sources when the legal, fiscal, policy and regulatory conditions are conducive. The changes now under way in China promise to produce these conditions, which are essential in providing the incentives to which private investors will respond. This will not only be a matter of effecting major changes in China's legal, fiscal and regulatory regimes, but also in the skills, capacities and attitudes of the people who administer them. This in itself will be a massive undertaking in human resource development.

The fundamental transition which China is now making from a highly centralized, planned economy to a socialist market economy with decentralization of responsibility and decision-making to provincial and local governments and to individual enterprises, both public and private, will also require a major transformation in human development policies and practices. This will involve a basic shift in the culture of organizations as well as the attitudes and skills of their leaders and workers. No society has ever faced a more monumental human resource development challenge than this. Of course, it also creates a huge range and variety of new opportunities for human development.

The high priority that China is now according to management education and training will do much to meet this need, but it is an area where external skills and experience can be especially relevant. One of the most effective means of making external skills and experience available to China is through partnerships with Chinese and foreign companies and civil society organizations. These are precisely the kind of partnerships which the Global Compact is designed to foster and facilitate. People are, of course, not just "Human capital"

It is extremely important to recognize that human resource development is not simply a matter of helping people to develop their skills and expertise. It also must ensure that they are accorded courtesy and respect which reinforces their own sense of self-worth and encourages them to treat others the same way. It means treating them with fairness and giving them as much encouragement and support as possible to foster their activities and interests outside of the workplace which contribute much to their own personal development and fulfillment. The example set by the leadership of an organization is a decisive factor in integrating these attitudes and practices into its culture. People who feel they are being treated with respect and fairness and are encouraged in their self-

development are not only better people; they are also better and more productive employees.

Human resource development has been in the forefront of my work with the United Nations. Among my principal tasks in the United Nations today is help revitalize the University for Peace, established by international agreement approved by the United Nations General Assembly in 1980 to serve and support the peace and security goals of the United Nations Charter through education, training and research. We are doing this from our headquarters in San Jose, Costa Rica, through a world-wide network of partnerships with leading universities and institutions using the latest communications and learning technologies. At a recent meeting co-hosted with Tsinghua University here in Beijing, we agreed with leaders of major universities throughout the Asia and Pacific region to form an Asia-Pacific network to cooperate in developing and offering programs and exchanges. Also, as environment and resource-related issues are now giving rise to an increasing potential for conflict, the University of Peace has formed a strategic alliance with the Earth Council to cooperate in addressing these issues. Both organizations are now in the process of undertaking significant expansion of their activities in China in partnership with their Chinese counterparts.

Much of my own life has been spent, both in the public and private sectors, in the fields of environment and development. This has given me the opportunity of witnessing the impressive degree to which environment has emerged as a central priority for China, and has now been recognized as fully and indispensably linked to its development processes and prospects for success. The inextricable links between environment and development were first recognized at the United Nations Conference on the Environment held in Stockholm in 1972, in which China played an important role. Since then the inter-relationships between the economic, environmental and social dimensions of the development process have evolved into the concept of sustainable development. At the Earth Summit convened by the United Nations in Rio de Janeiro, Brazil, in 1992 at which China also played a leading role, world leaders agreed that sustainable development is the only viable pathway to the more peaceful, prosperous and equitable future to which all people aspire.

China was the first country to develop its own national Agenda 21 based on the global Agenda 21 agreed at the Earth Summit. I am pleased to say that China has also made important contributions to continuing international negotiations on the conventions agreed by the Earth Summit on climate change, biodiversity, and the desertification convention agreed

on following the Earth Summit. The World Summit on Sustainable Development held in Johannesburg, South Africa, in August of this year, gave a new impetus to the processes of implementing the decisions undertaken at Rio's Earth Summit and underscored the need to give these issues much higher priority. It was particularly encouraging that in Johannesburg Premier Zhu Rongji announced China's ratification of the Kyoto Protocol and affirmed its commitment to the common task of attaining global sustainable development.

In a speech to the Second Global Environmental Facility Assembly in Beijing in October of this year, President Jiang Zemin stated, "Development at the expense of squandering resources and undermining the environment cannot last long -- If the relationship between the two is not addressed properly it will inevitably lead to a deterioration of the ecosystems and pose serious threats to the survival and development of mankind." He cited the high priority China is now according to environmental protection and sustainable development with the substantial budgetary resources allocated for this purpose in the Tenth Five Year Plan.

The 2008 Olympics have become a primary focal point of China's commitment to the environment. This promises to make the Beijing Olympics the greenest ever, while providing strong impetus to the achievement of China's transition to a sustainable development pathway and validation of its international leadership.

There is no issue that demonstrates to a greater extent the systemic nature of the human activities and actions that affect the quality of human lives and future prospects than the environment. For the achievement of a sustainable way of life through the integration of the environmental, economic and social dimensions of development is essentially a systemic process and must be managed systemically. Every sector of human activity affects the environment and every human being is affected by the environment. Effective management of the environment to ensure its protection and improvement must be carried out through coordinated and systemic management of the whole range of activities which impact on it. Environmental ministries and agencies can provide the policy framework and much of the expertise to guide this process; but they cannot do it alone.

You have good reason to be proud of your own State Environmental Protection Agency which under the exceptionally high quality of its leadership has done an admirable job in championing the cause of environment in your national development while earning the highest respect and esteem of its international counterparts. Minister Xie Zhenhua

of SEPA said in an article in the People's Daily in January 2002, "Never has the Chinese government put the environment in such an important position. It is vital to the stability and prosperity of our country and our people." Human resource development will be the decisive factor in the success of China in dealing with its environmental and sustainable development issues in the period ahead.

I have found this to be true also in my own international work on behalf of the environment. The United Nations Environmental Program plays a leadership and coordinating role within the United Nations system and is responsible for ensuring that the environmental dimension is incorporated into the development programs of organizations and agencies. The United Nations Development Program and specialized agencies of the UN are the primary actors ensuring that the commitment of the UN to sustainable development is reflected in all of its programs, particularly those focused on development.

May I say that one of the reasons I am so especially pleased to have the opportunity of sharing my thoughts and observations with you is that my entire life experience has convinced me as to the central importance of the subject you are addressing here – the development and management of human capital. They will be the ultimate determinants of China's success in making the fundamental transition now under way in its national society, and its impact at the global level. What happens in China will have an important, indeed, decisive, effect on the prospects and future of the entire human community. I am convinced that this awesome responsibility is in good hands; China is well launched on the pathway to a bright and promising future as the world's super "people" power.