

GLOBAL GOVERNANCE: TACKLING THE ISSUE OF VALUES

Pascal Lamy | *Director general of the WTO and honorary president of Notre Europe – Jacques Delors Institute*

This tribune is based on Pascal Lamy's speech during the 5th edition of the World Policy Conference organised in Cannes (France) on 8 December 2012 on an IFRI initiative. He reviews achievements and difficulties of the global governance and suggests avenues for progress.

My speech, which I shall be delivering in French in recognition of our venue this evening, will dovetail in many respects with some of the statements already made by several speakers in the course of your conference on the theme of global governance. It was, I believe, the intention of Thierry de Montbrial in inviting me, for which I thank him, that I should put forward one or two thoughts on this far reaching topic to the highly informed audience present here.

I shall do so by endeavouring to establish a linkage that is all too often missing – one that must draw 'thinkers' closer to 'actors' on this issue. On the one hand: the world of intellectuals, of academics, of those eager to design plans that are aesthetically pleasing to the mind. On the other, the world of practitioners, who I have previously described as the road diggers on the international scene, the guys whose job it is to find practical solutions to concrete and often urgent problems. It is for them to propose compromises whose painful birthing process must take account of political realities which, as everyone knows, are first and foremost at the local level.

I shall offer you my comments as follows:

1. Progress in matters of global governance has long been hindered by specific difficulties, the nature of which is all too often underestimated.
2. Nonetheless, global governance did make progress until it hit a stumbling block in the late 1990s.
3. The past 20 years have exacerbated pre-existing difficulties.
4. In this somewhat unfavourable context, I believe that some avenues of progress are nevertheless open to us.

1. The underestimated challenges of global governance

Let me start by saying that in comparison with other systems of governance, be it for nations, businesses or various other forms of human association, global

governance faces specific problems. We know what we are entitled to expect from governance: leadership, legitimacy, coherence and efficiency, in other words "results"; and we know how closely these elements must be interwoven if they are to have an impact. We also know that the Westphalian system in effect for the past three and a half centuries, a system composed of sovereign nation states, is, due to its very architecture, barely capable of producing such outcomes.

This is true of leadership: how can a leader be appointed if sovereign nation states enjoy equal rights, which is the Westphalian theory?

This is true of legitimacy: the crucible of political legitimacy remains national and local, and legitimacy is a function whose value diminishes exponentially the further away from citizens it is exercised. In other words, the good old principle of subsidiarity.

This is true of coherence: international governance is based on organizations with very specific roles and mandates. And the theory according to which these organizations are themselves coherent simply because they are led by coherent sovereigns has long proved its limits. To take just one example, the members of the World Trade Organization (WTO) and those of the International Labour Organization (ILO) are the same. They have accepted that the WTO should enjoy observer status at the ILO, but not that the ILO should be an observer at the WTO!

This is equally true of efficiency: with few exceptions, the decisions that truly count, (and I am not speaking of resolutions by Congresses) are adopted by consensus and are therefore few and far between. Their implementation, with the exception of WTO-type decisions, is hampered by insufficient control or oversight and lack of enforcement mechanisms. International administrations are even more acutely affected by this red-tape syndrome than national administrations and

consequently their performance is not particularly effective. The ratio between the "means implemented" and "outcomes achieved" is mediocre.

Under these circumstances, the transition from global governance to international governance, necessary though it may be as interdependence makes headway, can only be arduous and slow. This is why, when thinking of governance, I have often compared the national sphere to the solid matter and the international sphere to gas.

2. Progress in global governance

Despite these obstacles, an international system has gradually emerged between the creation of the International Telegraph Union (ITU) around 1860 and the establishment of the International Criminal Court (ICC) in 1998.

This international order is legally underpinned by treaties entered into by state entities that have agreed, on a case-by-case basis, to renounce part of their sovereignty. This body of international agreements creates a system of rules, obligations, commitments and responsibilities that are binding to a greater or lesser degree. It forms part of a wider landscape of formal institutions, whose main components are the United Nations system and the Bretton Woods Institutions. It also comprises informal structures such as the G-5/G-7/G-8 and now the G-20, dedicated to generating political impetus and a form of cross-cutting coherence in the absence of this utopia we call global government. In other words, a sort of archipelago that is very far from covering all the necessary fields of international governance, with a map of islands connected by more dotted than solid lines.

It should be noted in passing that it has taken several major world disasters in the 20th century to mobilize the political energy needed to take small steps away from the security blanket of the Westphalian system.

It should also be noted, and this is no coincidence, that it was on the continent which suffered even more than others from the havoc wrought by these disasters that the one and only truly supranational enterprise has seen the light of day, the construction of Europe. Between solid matter and gas, I would categorize Europe as 'liquid'.

Lastly, it should be emphasized that the ideological 'software' for such governance, while it would be an exaggeration to suggest flowed from the Washington consensus alone, was produced by the West, in the sense of the development of globalized market capitalism and the political system of liberal democracies.

3. New difficulties

For the past 20 years or so, this gradual building up of international governance has been at a standstill because of geopolitical, geoeconomic, and I would even go as far as to say geotechnological, developments, which have exacerbated the viscosities of the preceding period.

The first of these developments, which we can really call a revolution, is the emergence of developing countries upon the heels of globalization. The West has produced the matrix for its relative decline, but this same matrix is the blueprint for the advances made by the rest of the world. Emerging powers have leveraged market capitalism, boosted by information technologies, to achieve economic and social development on an unprecedented scale and with unprecedented speed, including in reducing poverty if not inequalities. Hence the "Great Changeover", of which Jean Michel Severino speaks, which has reshuffled the cards of world geopolitics. These new players are far less inclined to accept the erosion of sovereignty or to assume international responsibilities than the actors of the past, both because of the lessons of history, and different cultural attitudes or diplomatic stances. As they did not write the rules of the international game, they are less inclined to apply them. Globalization of the economy and markets, yes, but not globalization in the political sphere. Nor have they come up with a holistic counter-proposal as yet.

The consequence is that the previous rules of the game have been called into question, particularly in the economic sphere where the balance of obligations and responsibilities between what was the North and what was the South no longer applies, whether it concerns the rules governing international trade, climate change or the foreign exchange system - three areas whose foundations are being undermined by the thorny relations between the United States and China.

The second of these developments derives from the economic crisis that erupted in 2007/2008. First of all, because by widening the growth divide between former and new actors, it has hastened this Great Swing. Secondly, because it has severely undermined the legitimacy of the Western package of rules and procedures which had served as a model in the preceding period, and which the various international organizations applied in line with the instructions of the most influential countries. Lastly, because the crisis has largely drained the reserves of national political energy available for global governance. Contrary to conventional

thought, international policy requires a vast amount of political energy, as it is less easy to convince public opinion of the need to compromises with foreigners. An international negotiation is first and foremost a negotiation at the national and domestic levels, and implies a strong dose of domestic political leadership. A good example of this is the history of United States foreign policy. In that sense, international governance is not a matter of globalizing local problems, but of giving a local focus to global problems.

In times of crisis, when economic and social blows quite understandably cause opinions to harden, governments are weakened and keep what energy remains to prepare for the political deadlines before them, setting aside the international scene until things improve.

The result is that international governance enters a crisis phase, incapable today of producing the new equilibriums and new principles of cooperation suited to this new world, incapable of inventing new areas of common ground. Essentially, hardly anything new has emerged since the establishment of the WTO and the International Criminal Court, which closely followed the fall of the Berlin Wall. No reform of the antediluvian UN Security Council. And most of the major international negotiations have reached stalemate. There have even been a few setbacks if one considers the chaotic metempsychosis of the Kyoto Protocol.

4. Avenues for progress

Under such circumstances and supposing, as I do, that this global governance crisis is a harbinger of major political, economic, social and cultural hazards for the coming generations and a solution has to be found, we need to explore what is feasible according to the following principles.

First of all, we need to give up hope of a big bang in terms of global governance. This could only come from the political energy generated by a major global conflict, which, fortunately, seems fairly unlikely to me, even though potential disasters present themselves in terms of climate change, for example. We therefore need to use what we have and try to make the most of it.

I am thinking more particularly of the G-20/United Nations/international organizations triangle. The G-20, without legitimacy, may – and I stress may – produce impetus and a certain degree of coherence. The United Nations, which is not known for its efficiency, can provide legitimacy. The specialized agencies, with

their expertise and know-how can, if supported by the other two sides of the triangle, come up with solutions. There are three recent examples of such interaction:

1. The slight progress made in global regulation of the financial industry since the G-20 stealthily created the World Finance Organization stemming from the Basel Committee and the Bank for International Settlements.
2. Throughout the crisis and until now, the resistance to protectionist pressures, despite some disturbing slippages here and there.
3. The curbing of the rise in international food prices, which would have been amplified by export restrictions, initiated thanks to the joint efforts of the G-20/UN/FAO/OECD/WFP/WTO.

In the absence of political energy to conclude new binding instruments, that is, treaties, the focus should be on implementing existing rules and on improving monitoring, which the WTO is currently doing, and which the IMF could be doing (note the conditional tense!), on introducing measuring tools or benchmarks that could ensure greater accountability, a word that is difficult to translate into French. The Millennium Goals in my view represent a significant step forward. I would even go as far as to suggest – and I think it is feasible – developing performance indicators for international institutions and their leaders so as to encourage attitudes more directly focused on achieving demonstrable results. I would even go so far as to adopt the same approach for national diplomats in multilateral institutions, but here I may well be committing sacrilege.

By the same token, soft, and hence imperfect, regulation should be accepted to bridge in part the gaps within the archipelago in areas such as energy, taxation, migration and cyber-security, while admitting that there are limits to this “governance technology”, as evidenced by the failure to achieve international harmonization of accountancy rules, even though this is an essential area of globalization.

On a different scale, the focus should be on striving towards regional integration – in other words, a form of mini-globalization. There are fewer obstacles to overcome in order to move away from the attraction of the Westphalian system among people speaking the same language, closer in terms of both geographical proximity and civilization. Here I am thinking in particular of regional integration across the African continent, while at the same time we must be aware that it is not a panacea as evidenced by the current turmoil

surrounding the construction of Europe, which, as could be foreseen, is suffering from a return to "beggar-thy-neighbour" policies under pressure from the crisis. Having said that, we can also see some new forms of governance are probably in the pipeline there.

In practical terms, thought should be given to the potential offered by new networking technologies in order to generate diffused forms of governance. The top-down model composed of generals, colonels, captains and troops, which is the image of traditional state governance, is no longer the only model available. This has been my experience at the WTO these past few years, when we launched, together with our friends at the OECD, the project to measure international trade in terms of value added, in order to replace the current bases of measurement which have become obsolete as a result of changes in the structure of trade. And how has this been done? With very little top-down governance, and instead a sort of spontaneous mobilization - through the Internet - of networks of statisticians and researchers, which has produced the first results in an unexpectedly short time.

The potential offered by social networks could also be used as a catalyst for a form of universal awareness, a feeling of global belonging among civil society the world over, without which any form of global governance is likely to remain a disembodied concept.

Lastly, this question of belonging, of the need to justify disciplines by solidarity requirements, this principle according to which there can be "no discipline without solidarity born of a sense of belonging" leads me to one last, more far-reaching suggestion, which is to address the issue of values - an issue that must be tackled if one wishes to speak of a new "social contract".

Conclusions

Like some of us here this evening, I have been taking part in the work of the G-20 since its inception. And I have a dream. What if, instead of reading out speaking notes on quota reform at the International Monetary Fund and the World Bank, of which a majority of

participants have but a limited understanding, the leaders of nations attending the G-20 spoke to each other openly? What I mean by that is, what if they explained their views on development, social justice, sovereignty and environmental sustainability to their colleagues? And what if they openly voiced the domestic political constraints they are facing? And what if they spoke of their dreams, their nightmares, what is good or bad in their view, in order to understand the similarities as well as the differences among them? And what if they discussed a new model for growth that would use less of our rare natural resources and more human resources, which are in abundance? I know, I am dreaming!

On a more serious note, after all these years spent in venues dealing with global governance I have reached the conclusion that what is lacking in order to move forward is a bedrock of common values capable of bringing about a shared ambition for civilization.

The challenge of building such a platform is unquestionably a considerable one. Because this platform will be different from the traditional ideological models, there will be ruffled feathers among the exponents of the superiority of one civilization over another. Because it will no longer draw solely on the dominant cultural models in each continent it will be difficult to convince the public that are reluctant by nature. Because it will have to go beyond the Universal Declaration of Human Rights and its covenants in terms of economic and social rights, it will fuel fierce controversies of a philosophical or even spiritual nature. I nonetheless believe that tackling the north face of global governance has now become unavoidable.

I know that fundamentalist adherents of the basic tenet of the ever-lasting interests of the state believe neither in the need for an anthropology of globalization nor in the constructivism of values, and that they will need convincing. But we have to give constructivists their due in recognizing that we owe them whatever progress has been achieved in making the world less bad than it was. To use Robert Kagan's image in my own way, I think it is better to live on Venus than on Mars. To conclude, my hope is that future World Policy Conferences will help us move ahead along this difficult path.