

## **CIVIL SOCIETY, THE UN AND DEMOCRATIZING GLOBAL GOVERNANCE: OVERCOMING THE FORCES UNDERMINING UN AUTHORITY**

John Langmore

The theme for this session is extremely ambitious - and crucially important. Let me start with three analytical points.

First, the evolution of international political, economic and social institutions lags far behind the deepening of global interdependence: there is a growing global democratic deficit. Not only are most peoples and countries grossly inequitably represented in most of the intergovernmental organizations but also there are few and only weak opportunities for the voice of civil society to be heard at intergovernmental gatherings. These global political inequities have facilitated maintenance of the neo-liberal policies that have reinforced the growing income inequities within many countries.

Second, these severe systemic imbalances are now being compounded by threats of a few countries not to comply with the international rule of law. The Charter of the United Nations, the negotiation of which was led by the United States, and the whole framework of covenants, treaties, conventions and other international agreements that has painstakingly been negotiated since 1945 is threatened more directly than ever before by decisions of national governments to withdraw from, disregard, oppose or refuse to ratify these legal instruments. The global legal and institutional framework is being more seriously undermined than at any time for half a century.

A third tendency in recent decades offering more hope is the growth of innumerable global networks – not only of governments, businesses and NGOs but also of sectoral organizations, occupations and leisure activities. So the old model of sovereign states does not express the new reality 'of a decentralised, heterogeneous and networked world. The result is neither anarchy nor world government but "networked minimalism" - that is, non-hierarchical arrays of governmental units, private firms, and non-governmental organizations focussed on specific problems.'<sup>1</sup>

This analysis is likely to be clear to you all, so I would like to concentrate these short remarks on possible ways of addressing these issues. Global governance is one of the principal themes that will be addressed by the World Commission on the Social Dimension of Globalization that was established by the ILO in March. The Commission is due to report towards the end of next year, so it has only just started its work. One means of advocating any conclusions from this conference would be to recommend them to that Commission. The following comments are made in the spirit of open discussion of issues on which public policy is evolving. They are mentioned because they are the kinds of proposals that are being made to that Commission for its consideration, but they are certainly not settled ILO policy.

Interest in reducing the global democratic deficit and improving the political effectiveness of international institutions in achieving goals such as those articulated by the Millennium Summit is growing. For example, there have been many proposals for expansion and reform of the Security Council.

There have also been calls for a Global Peoples' Assembly and for a Global Parliament to strengthen accountability.<sup>2</sup> These are interesting proposals but ones that involve great practical difficulties. For example, what would be the structure and basis for membership of a new global forum? If a global legislature was to be established of manageable size, say 500 members, with representation in proportion to population, then any country with a population less than 12 million would not automatically be able to elect a member, and that is the majority of countries. In the short term at least we have to maximize the effectiveness with which existing avenues for influence are used.

Many methods are already in use and their effectiveness can be strengthened. Lobbying national governments in capital cities and members of national parliaments continues to be vital and often to have some impact. National representatives in inter-governmental organizations are normally responsive to opinion from their capitals. Speaking at intergovernmental meetings is useful and private lobbying of national representatives wherever such meetings are held can be very effective. Operating cooperatively with like-minded civil society organizations strengthens negotiating influence. The success of the landmines campaign and that to stop the multilateral agreement on investment are well known examples. The campaign for a currency transaction tax is one that is underway at present and that is making modest but significant progress.

Let me conclude with a few more substantial suggestions relating to **economic and social governance** that are being proposed by various groups in different forums.

During the first half of the nineties the Human Development Report and the Report on Global Governance suggested establishment of an Economic and Social Security Council and this proposal is receiving increasing attention. A major gap exists in the structure of international economic and institutions through the absence of an open, representative, accountable forum with political legitimacy for discussion of the central issues of global political economy. The existing institutions are either exclusive - such as the G8 and the OECD, unrepresentative like the Fund and Bank Boards - or insufficiently timely and decisive, such as the existing working arrangements of the Economic and Social Council.

The Zedillo Panel appointed to advise the UN Secretary-General last year argued that 'Despite recent worthy efforts, the world has no fully satisfactory mechanism to anticipate and counter global economic shocks.' Further: '...global economic decision-making has become increasingly concentrated in a few countries. Tensions have worsened as a result. For a range of common problems, the world has no formal institutional mechanism to ensure that voices representing all relevant parts are heard in the discussion.'<sup>3</sup> The Panel describes several vacuums in global governance, such as the lack of any agency

to provide some global public goods and the struggle of some existing agencies 'to respond to problems for which they are ill-equipped or lack a precise mandate.'

The Zedillo Panel endorsed the recommendation of the Commission on Global Governance to 'create a global council at the highest political level to provide leadership on issues of global governance. ... through its political leadership it would provide a long-term strategic policy framework to promote development, secure consistency in the policy goals of the major international organizations and promote consensus building among governments on possible solutions for issues of global economic and social governance.' Recognizing the political difficulty of launching such a council the Panel suggests as a first step convening a Globalization Summit 'large enough to be representative and small enough to be efficient.'

An immediately feasible way of doing that would simply be for the President of the General Assembly to invite heads of government of members of the General Committee, the executive of the Assembly, to attend a meeting at the beginning of the Assembly session. The General Committee is regionally representative, each of the permanent five members of the Security Council are members, and has only 28 members. It is therefore small enough to have decisive discussions. Such a summit meeting of the GA General Committee would have the capacity to be exactly the type of council being suggested by the Zedillo Panel, without the need to change the Charter or to operate outside it.

Reform of the structures of governance of the **international financial institutions** is also being widely proposed. Governance of both the IMF and the World Bank is asymmetrical and unequal. The lenders are the principal shareholders and the borrowers provide the income. A large proportion of the voting rights are vested in a small number of developed countries. The US has de facto veto power at the IMF.<sup>4</sup>

Effective expression of recent decisions by several UN conferences to more equitable representation of developing countries in the governance of the IFIs suggests that quotas and voting rights should be changed. Increasing the representation of developing countries could be expected to contribute to more rigorous evaluation of Bank and Fund policies.

As well as reform of the UN and IFIs, other institutional gaps and weaknesses can be readily identified and means of filling or strengthening them discussed. Examples include: control of diseases like malaria and AIDS; protecting the environment; reducing international crime; reducing financial volatility; and resolving or at least managing international conflicts more effectively.

An important example of a gap in the framework of global institutions relates to the inadequacy of cooperation about tax issues between countries. Governments are limited by international competition in both the forms of tax and the tax rates they can apply. There is an urgent need to reduce opportunities for evasion and avoidance and to avoid the danger of countries striving to increase their revenue in ways that deplete the global commons. Greatly improved international cooperation about national tax issues is essential. Some of the best-

informed experts consider that an international taxation organization is required to facilitate such cooperation.<sup>5</sup>

As well as institutional reform, an effective strategy for international development and social justice requires major new **financial resources** to fund economic and social programs aimed at reaching the Millennium Development Goals and to achieve a more equitable distribution of income, wealth and power. The World Bank estimates that an additional \$30-70 billion a year will be required to achieve the Millennium Development Goals by 2015. Donors promised at Monterrey to increase ODA by a total of just over \$12 billion during the next three years, but that leaves three quarters still to be found and the official international community is not even discussing possibilities at present. Since the world is richer than ever before in human history and has greater technological capacity and the needs are widely reported, the pettiness of these aid levels is a Dickensian disgrace and a continuing campaign to increase them is essential.

Five possibilities that are immediately feasible are increases in official development assistance; more effective debt reduction strategies; establishment of the International Financial Facility being proposed by the UK Government; improved international tax cooperation; and restarting regular issues of special drawing rights and allocating them to developing countries. A sixth range of possibilities that are technically feasible but which would require significant political movement are introduction of one of the forms of national taxation that would require international agreement to be effective, such as a currency transaction tax or a carbon tax. It is important to note that these would not necessarily require universal agreement to be feasible or valuable.

**To conclude:** improvement of global governance is essential. New policies and institutions are required. The economic and social forums of the UN must be strengthened and the international economic and financial institutions reformed. Extension of the range and depth of global public goods is essential, as are rapid increases in finance for development.

In a generation we can expect that many of these proposed reforms will have been implemented and the debates about them will seem anachronistic. The task for those concerned about equitable global development is to articulate simple visions, design the complex policies necessary to implement them and to ensure competent implementation. This will involve responding to the felt needs of the world's people.

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#### Footnotes

<sup>1</sup> Richard Cooper, quoting Nye and Robert Koehane in a review of Joseph Nye and John Donahue (Eds) Governance in a Globalizing World, Brookings, 2000.

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<sup>2</sup> See for example recent publications by Richard Falk including in Deepak Nayyar (ed), Governing Globalization: Issues and Institutions, Clarendon, 2002.

<sup>3</sup> United Nations General Assembly, Report of the High-level Panel on Financing for Development, (the Zedillo Report), A/55/1000, 26 June 2001, p23.

<sup>4</sup> Charles Calomiris suggests in a paper delivered to the American Economic Association in January 2001 that 'the (unstated) policy goal [of the US] is to maintain multilateral institutions capable of imposing their will on emerging market countries and willing to do so at the behest of the US Treasury and other G7 governments based on whatever political objectives guide them at any moment, ...'

<sup>5</sup>The functions of an international taxation organization could include: provision of a forum for discussion of tax matters including sharing of national taxation experience; the development of definitions, standards and norms for tax policy and administration; identification of international tax trends and problems; gathering and publication of statistical information; production of a periodical world tax report; and technical assistance to national tax authorities. Such an organization would typically have a governing body representative of the members and responsible for drawing up broad objectives and major issues of policy; a highly competent staff; hold regular meetings and issue technical publications.