



GLOBAL GOVERNANCE: AN AGENDA FOR THE RENEWAL OF THE UNITED NATIONS?

Global governance is a topic that waxes and wanes in the international firmament – and at present is waxing fast. On topics as varied as climate change, capital flows, trade liberalisation, and international security, current problems are discussed in frameworks which imply the need for new institutional arrangements at global level. The Commission on Global Governance observed this trend in 1995: it has accelerated since.

There are three reasons for the acceleration. First, there are genuine new problems, which can only be solved by collective action at global level: repairing the hole in the ozone layer is one, managing flows of speculative capital another. Secondly, there have been new and enhanced perceptions about the need to manage events internationally: the heightened interest in conflict management is an example. Thirdly, there has been new thinking on the way to approach global issues: UNDP's recent work on 'global public goods' illustrates the trend. New problems, new perceptions, and new thinking combine to raise the profile of global governance issues: Box 1 lists some current debates.

What we can observe, however, is that different principles inform the outcome in these different arenas – or at least that different outcomes emerge. In some cases, new arrangements are limited to information-sharing; in others the solution is to create or regulate markets; in others, it is to intervene directly.

Even more notable is that international organisations are accorded a different role in each case. In some instances, the UN has provided the framework. More often, however, the UN has been side-stepped or side-lined: by new membership organisations (WTO), by bodies which rich countries control (G7, IMF), or by independent organisations (NATO).

This fact raises uncomfortable questions about the ownership, democratic accountability, and universality of global governance arrangements – and the perceived relevance, competence, and political weight of the UN. Does the UN provide the framework we need to tackle global problems? If not, what changes are needed?

In 2000, the UN will hold a special meeting of the General Assembly to celebrate the millennium, the so-called Millennium GA. It will be accompanied by an international summit meeting, and by civil society events, including a People's Assembly.

These events will provide an opportunity to re-think the role of the UN in tackling global problems.

Institutional innovation or institutional opportunism?

Successful global governance does not require monolithic global government: the idea of 'horses for courses' points to a diversity of governance structures. Nevertheless, a remarkable diversity of solutions has been developed, or is proposed, to the different challenges listed in Box 1.

Capital flows

In the case of capital flows, the governance problem arises from the potentially disruptive effect, particularly for smaller economies, of some \$US 1.5 trillion per day crossing the foreign exchanges. In 1997, the East Asian financial crisis was triggered by a reversal of capital flows of around \$105 billion, a relatively small amount in global terms, but equivalent to 10% of the combined GDP of the region. Similar shocks have since affected Russia and Brazil.

Some countries have responded to the threat of capital surges by introducing national controls, for example restrictions on capital export (Malaysia), or a tax on capital movements (Chile). Russia has defaulted on some debt repayment. Internationally, however, the emphasis has been on transparency and monitoring – and, importantly, the response has been led by the G7, not the UN, and with the IMF (perhaps along with the Bank for International Settlements) as the key actor. The G7 set the parameters in October 1998 (Box 2). Key changes since then include upgrading the Interim Committee of the IMF to a new International Financial and Monetary Committee, the creation of a new IMF Contingent Credit Line, and a new Financial Stability Forum. In the IMF, 45% of votes are held by the G7.

Conflict management and international security

Internal, ethnic and secessionist conflicts have multiplied since the end of the cold war, with around sixty wars currently being fought. The number of refugees and internally displaced people has increased to over 40 million. Relief expenditure has increased, reaching 15% of all aid in peak years (e.g. during the Rwanda crisis in 1994). The crisis in Kosovo illustrates

Box 1: Global issues and global solutions

Issue	Proposed solutions	Key actor	UN involvement
Financial flows	Greater transparency, better reporting	G7, IMF	No UN involvement
Conflict management	Military intervention peace-keeping	NATO, regional forces	Security Council increasingly marginalised
Trade liberalisation	Rules-based system	WTO	No UN involvement
Global warming	Carbon trading	To be decided	Provided arena for negotiation

**Box 2: Reform of the Financial System:
G7 Agreement, 30 October 1998**

- Sustain growth
- Enhanced IMF Financing Mechanism
- New principles and codes of best practice on fiscal policy, financial and monetary policy, corporate governance
- IMF to monitor and report on compliance
- New process for surveillance of supervisory regimes
- Better procedures for crisis management
- Greater openness of World Bank and IMF
- Further work on strengthening prudential regulation

Source: Financial Times, 31 October 1998

many aspects of contemporary conflict – and the role of the UN: a war fought over issues within a country's borders, challenging the principle of state sovereignty; prosecuted by NATO on behalf of the international community, but without UN authority; resulting in a large number of refugees across state borders; requiring a large UN and other operation for relief and rehabilitation; and with the UN political and military establishments largely marginalised, reduced in this case to providing formal authority for NATO and Russian peacekeepers. These are not unusual features.

Does all this represent a crisis in global governance? There are certainly challenges:

- The disregard of state borders, first evident in the creation of safe havens in Iraq in 1991, challenges a basic principle of the UN Charter.
- Intervention by regional organisations, like NATO in Europe or ECOWAS in West Africa, can be problematic. On the one hand, it recognises the need for regional powers to take some responsibility ('African solutions to Africa's problems'). On the other hand, it may reflect the lack of political and military capacity in the UN. Did NATO act independently of the UN in Kosovo, because it knew that China and/or Russia would veto any Security Council Resolution to underpin intervention? The UK has recently announced that it will make troops permanently available to the UN. Is the UN political structure strong enough to capitalise on this important innovation?
- There is a problem of selectivity. Why are some conflicts (Iraq, Kosovo) thought worthy of sustained military action by rich countries, while others (Rwanda, Sierra Leone, Afghanistan, Angola) are not?
- There are real problems in confounding political and military with humanitarian interventions. Are humanitarian principles (neutrality, impartiality) compromised when the UN is also involved in military interventions? Some observers certainly think so.
- Accountability is an issue. Does the UN have a role in holding individuals to account for breaches of human rights? Can the creation of the International Criminal Court, approved in principle in 1998, but currently awaiting ratification, be speeded up?
- Finally, the international community faces difficult challenges in helping to prevent conflict, and in supporting post-conflict recovery.

Trade liberalisation

Trade may be the engine of growth or it may be the handmaiden of growth. In either case, trade in goods and services plays an increasingly prominent part in the economies of both rich and poor countries: for several decades, the value of trade has grown at least twice as fast as the world economy. It now accounts

for a quarter of world GDP. For developing countries, the figures are similar – and, increasingly, growth is in manufactures not primary commodities. For developing countries as a whole, two thirds of all exports are now manufactures (1996), compared to one third in 1970.

Trade is a source of income, but also a source of risk: hence the need for global governance. What limits should be placed on protection? What consideration should be given to issues like environmental protection or food safety? How should trade disputes be managed? These kinds of questions have been on the international agenda since the General Agreement on Tariffs and Trade was created in 1947 – and often unresolved.

At first sight, the international community has found a solution to global governance problems in the trade arena, by adopting a rules-based approach under the aegis of the World Trade Organization. The WTO was created by the Marrakesh agreement in 1994, which concluded the GATT Uruguay Round of trade talks. Here we have a membership organisation which sets and polices trade rules, and which also provides a political framework, through its ministerial meetings, for further trade liberalisation. Thus the ministerial meeting in Seattle, in November 1999, will launch a new Millennium Road of trade talks. Importantly, authority in the WTO is shared equally between countries, though by custom the organisation operates by consensus, without votes.

There are problems, however. First, WTO membership is not universal, and there are still difficulties in reconciling the economic systems of China and Russia to WTO rules, although both are now seeking membership. Secondly, the costs of participation are high for the poorest countries, with complex technical and legal matters being discussed at myriad committees in Geneva, and through WTO dispute procedures. Thirdly, the risks are also high for developing countries, in an environment in which the agenda is dominated by the trade concerns of the big players, for example the slowness with which rich countries are reducing the protection of their agricultural sectors. Fourthly, the system has still to 'bed down' in some respects, for example over representation in disputes. Fifthly, the very success of the WTO dispute mechanism has encouraged the inclusion of so-called trade-related areas, extending its coverage for example to intellectual property. There are now proposals to extend it further, to investment and labour standards. But all these require a rethinking of the structure of the WTO and its relations to other international bodies, for example the ILO.

The most difficult problem with the WTO, then, is about how it relates to other structures of global governance. As an independent membership organisation, it has no relation to the UN General Assembly or to ECOSOC. Problems often arise at the interface between trade and other issues, like environmental protection or poverty reduction. The former head of WTO, Renato Ruggiero, called for a new global body to negotiate environmental protection rules. However, even were this to exist (under UN auspices?), the problem of interface would remain. Should the WTO be embedded in an overarching structure of global governance?

Global warming

Global warming is a classic 'global issue', which affects all people, regardless of where they live, and which requires global action to resolve. In 1995, the Inter-Governmental Panel on Climate Change predicted warming of 1–3.5 degrees over the coming century, threatening a rise in sea levels of up to one metre, along with widespread flooding, and more climatic instability. The main culprit is believed to be carbon dioxide, and industrialised countries account for 60% of annual

emissions.

The UN has provided the structure for climate change talks. A Framework Convention was opened for signing at the 1992 Earth Summit, and has since been ratified by over 170 countries. It provides for 41 industrialised countries to return greenhouse gas emissions to 1990 levels by 2000. The Convention was followed by the negotiation of the Kyoto Protocol in December 1997. This is not yet ratified but in principle commits countries to an average cut of 5% in emissions of the main greenhouse gases over 1990 levels by 2008–12; with increases for some regions (e.g. Australia), a standstill for others (e.g. Russia) and decreases for others (European Union 8%, United States 7%, Japan 6%). Kyoto also agreed to the creation of a ‘Clean Development Mechanism’, to transfer technology to developing countries, and to the principle of carbon trading.

Much remains to be done, and firm timetables were fixed at the Buenos Aires Conference in November 1998: new procedures should be in place by the end of 2000. The key question for our purposes is what role the UN will play. Who will supervise compliance to the Kyoto regime? Will any funds available under the Clean Development Mechanism be administered by the UN, or, as is (mostly) the case for the existing Global Environment Facility, by the World Bank? Who will manage carbon trading? These questions remain undecided.

Principles of global governance

Does it matter if the institutional solutions to global problems are found outside the UN? One way to answer this question is to develop principles against which solutions to global problems can be tested.

In 1995, the Commission on Global Governance, an independent group of 28 world leaders, attempted to do this. It argued that ‘global values must be the cornerstone of global governance’; and went on to list seven core values. These were: respect for life; liberty; justice; equity; mutual respect; caring; and integrity. The Commission went on to propose a ‘global civic ethic’, based on the notion of balancing rights and responsibilities. It recognised that a new global ethic would require modification of cherished elements of the international system, including the ideas of sovereignty and self-determination: neither could be pursued without regard to its effect on other members of the global community.

More recently, the President of France, Jacques Chirac, has proposed seven principles for ‘globalisation with a human face’, listed in Box 3. These indicate unambiguously the need for a multilateral process, and for outcomes which provide for universal accountability.

A third contribution has been made by Inge Kaul and colleagues at UNDP, in work on ‘global public goods’. These are items of global value, including elements of the global commons, like the ozone layer, but also knowledge of various kinds, including scientific knowledge, and ‘goods’ (as opposed to ‘bads’) like peace and financial stability. UNDP identifies

Box 3: Seven principles for globalisation

- Collective responsibility and collective action
- Equity
- Solidarity – to avoid exclusion of people or nations
- Diversity
- Safety first, environmentally and otherwise (do no harm)
- Liberty and respect for human rights
- Complementarity and subsidiarity

Source: Speech by the French President, Jacques Chirac, Paris, 7 January 1999

three gaps in the system of international co-operation for dealing with global public goods: a jurisdictional gap, where responsibility lies beyond state boundaries; a participation gap, in which civil society world-wide, as well as many less powerful countries, is excluded; and an incentive gap, which militates against effective co-operation. Filling these gaps means building on principles like equitable North-South representation, ‘tripartism’ between government, business and civil society, greater subsidiarity (including more authority for regional groupings), and greater participation by all sectors of society. These ideas are taken up also in UNDP’s 1999 Human Development Report.

These are three different cuts at principles of global governance, but there is strong convergence. In particular, the principles of participation, inclusion, and collective action run through the proposals.

The UN and global governance

On the face of it, there has to be a prima facie case that the core principles of globalisation with a human face are violated when developing countries are excluded from decision-making. Should the UN play a larger role?

Three conditions must be met for it to do so: (a) a clear understanding of the different roles the UN should play; (b) an understanding of the strengths and weaknesses of the UN in fulfilling those roles; and (c) a programme of reform which will equip the UN to play its part.

On the first, the task is to identify the comparative advantage of the UN, its ‘unique selling point’, or the list of jobs that ‘only the UN can do’. Seven roles have traditionally been proposed for the UN, listed in Box 4. Should regulation now be added?

Box: 4 UN Roles

- Research on cross-cutting issues
- Consensus-building, advocacy, and target-setting
- A forum for the preparation and negotiation of international treaties or conventions
- Technical co-ordination and standard-setting
- Information collection and dissemination
- Co-ordination of action among agencies, both national and international.
- Direct action (development, peace-keeping)

On the second question, the capacity of the UN, the strengths and weaknesses are well known. On the positive side, a mandate clearly laid out in the UN Charter, the virtue of universality, the power of advocacy (e.g. through UN Conferences), political authority in certain circumstances, and technical expertise and co-ordination in a whole variety of sectors. On the negative side, lack of trust, particularly from certain sectors in the US, actual or potential conflict between rich and poor countries, political and bureaucratic problems internally, and, especially recently, a chronic shortage of resources (caused in part by arrears of \$2.3 billion dollars, mostly by the US).

The problems have begun to be tackled, however, especially following Kofi Annan’s reform plan, ‘Renewing the United Nations: A programme for reform’, published in July 1997. This established a twin-track reform agenda, the first (track 1) being within the immediate purview of the Secretary-General himself, the second (track 2) requiring approval by the General Assembly. The main reform measures are listed in Box 5: their principal objective has been to try and create a more focused and streamlined UN bureaucracy, for example by creating a UN Development Group, which links all the financing

Box 5: Key proposed elements of UN Reform

Within SG's authority ('track 1')

Cabinet-style decision-making *
New UN Development Group *
UN High Commission for Human Rights *
Office for the Co-ordination of Humanitarian Affairs *
'UN House' at country level *
UNDAF *

Needing GA approval ('track 2')

New Deputy SG *
Commission on relations with specialised agencies
Enhanced rapid reaction capacity on peace and security
Review of five regional commissions

* agreed

programmes (UNDP, UNFPA etc...), and by developing a single, multi-agency UN Development Assistance Framework (UNDAF) at country level. There has also been a series of high profile appointments to senior UN jobs: the latest of these is Mark Malloch Brown, formerly a Vice-President of the World Bank, to become Administrator of UNDP. This is thought to signal a rapprochement between the UN and the IMF and World Bank. The World Bank's recent emphasis on a Comprehensive Development Framework for each country points in the same direction.

Other reforms will follow. The General Assembly has set up five working groups to consider changes, including the vexed issue of reform of the Security Council (Box 6).

Box 6: General Assembly Working Groups

Strengthening the UN system
Security Council
Financial situation
Agenda for development
Agenda for peace

Is there an agenda beyond Track 2?

Recent evidence does not suggest that sufficient changes have been carried through to put the UN back at the centre of global governance. It may be that the General Assembly Working Groups will resolve the issue. However, there are problems both within their remit and beyond it that need tackling before the UN is likely to see its role enlarged, including the governance structures of the World Bank and the IMF. In addition, the complexity of new global challenges raises questions about how the various components will be linked. For example, how will the interface between trade and the environment be managed?

There are as many proposals for UN reform as there are writers on the subject: new members and roles for the Security Council; the end of the veto, and its replacement with qualified majority voting in the Security Council; an Economic Security Council, or Economic and Social Security Council; a World Social Charter; a General Assembly voting system weighted to larger countries, perhaps merging the voting systems of the UN and the IMF and World Bank; restructuring of ECOSOC; a new role for the Trusteeship Council; less independence for the Specialised Agencies; bringing together the IMF and World

Bank and the UN; fewer independent budgets; a reduction in ear-marked funding; less country work; . . . the list is long indeed.

The challenge to the Millennium GA is to make sense of this list and move the institutional debate forward. It has three options.

The first option is to duck the question altogether, and focus instead on matters of general policy and strategy, like the issue of human security, or the measures needed to achieve the international development targets.

The second option might be called 'status quo plus'. It could include: new members of the Security Council, but without changing the voting system; further efforts to improve co-ordination within the UN system, especially between the funds and programmes and the Specialised Agencies; closer working relations with the World Bank and the International Monetary Fund, and continued ad hoc arrangements to deal with global problems, mainly through existing mechanisms.

The third option is more ambitious, and recognises the need for new institutional architecture to improve global governance. It might include: qualified majority voting, at least on some issues, in the Security Council; a smaller and more strategic Economic and Social Council, working in parallel to the Security Council, and with similar procedures; bringing the UN Specialised Agencies under the direct remit of the Secretary General; and greater accountability to the UN of the World Bank and the IMF. Here the main challenge is to get the sequencing right: incremental change is needed which delivers simultaneously both improved accountability and greater effectiveness. One without the other will not command political support. The combination of the two offers an attractive win-win option for all countries.

Further reading

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Kaul, I., Grunberg, I. and Stern, M.A. (1999), *Global Public Goods: International Cooperation in the 21st. Century*. Oxford University Press.

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For further information, contact Simon Maxwell at ODI.

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