

HAN SEUNG-SOO

Former Prime Minister of Republic of Korea

As a consequence of expanding trade, synchronizing global capital and continuing technological revolution, the interdependence of nations, that is, the process of globalization, has become increasingly intensified.

The process of globalization has been in progress for quite a while but became a defining feature of international relations towards the end of last century. At the end of 20th century, for example, compared to 50 years ago, global trade volume had grown 50-fold.

The nature of modern industry also imposes a far higher degree of economic co-operation among major capitalist countries than was the case 80-90 years ago. The international division of labor has advanced light-years since the old days.

The movement of regional economic integration also expedited the globalization process. The lessons from the European integration have convinced other regions that the benefits from integration, both economic and non-economic, are substantial.

Globalization has outpaced the development of appropriate political institutions and arrangements for governance of global political and economic systems.

It is an incontrovertible fact that the principal global challenges we now face are two-fold: the global financial crisis and climate change. These two are the best examples of externalities that all the nations should be united to deal with. How to wisely and effectively internalize negative externalities is the problem of governance that we have to resolve.

For the detailed discussion of financial crisis and climate change per se, I plan to intervene in each session this afternoon. But today, I would like to discuss the externality aspect of these two within the framework of global governance.

Both require creative solutions, immediate remedy and broad intervention. These challenges are mutually reinforcing and they share cataclysmic relationship. The cost of future is incalculable. The welfare of billions of lives is at stake, not to mention a direct impact on future generations. There are security implications ranging from economic turmoil to natural disasters.

The unprecedented crises have warranted unprecedented international response and collaboration. Today, international community is working tirelessly to stabilize the international financial system while trying to mitigate carbon emissions.



World leaders rolled up their sleeves to discuss practical solutions to these crises: first, trying to resuscitate and strengthen the international financial system within the framework of G-20 which had 3 Summit meetings: November last year in Washington DC, April in London and September in Pittsburg. There will be two more G-20 Summits next year, June in Canada and November in Korea. From then on, one Summit is planned each year from 2011 which France is to host.

We have to remember that the concept of a forum for the world's major industrialized democracies emerged following the 1973 oil crisis and subsequent global recession. When G-7 was formed, it accounted for 69% of world GDP in 1975. It now accounts for 50% of world GDP and 14% of world population.

In the aftermath of the Asian financial crisis and subsequent turmoil, the world leaders agree to form the G-20 which now accounts for 85% of world GDP and 70% of world population.

With a number of emerging economies and accounting for a much larger share of world GDP and population, the G-20 represents a more sufficiently inclusive global steering group for addressing global systemic challenges. The G-20 is much more broadly based than the G-8.

However, there are other opinions on this. For example, although the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System in its Report on September 21st welcomed the substitution of the G-20 for the G-8 as the major forum for global discussions, it still wanted to include 192 members states of the United Nations. It suggested the creation of the Global Economic Coordination Council at the level equivalent with the General Assembly and the Security Council.

The GECC would have a mandate over the UN System in the economic, social and environmental field which include the Bretton Woods Institutions and should include the WTO by ringing it formally into the UN System.

What is certain is that the Bretton Woods Institutions that have come into being since the end of the Second World War needs a drastic revitalization, if not a complete form.

Question I : Which form of governance, G-8, G-20 or GECC, will better serve the world?

On the challenge of climate change, the United Nations, particularly the UN framework Convention on Climate Change has been the key instrument to address the issue. The Secretary General of the United Nations has been working very hard: by appointing Special Envoys of the UN Secretary General on Climate Change, by convening a high level meeting in September 2007 (The Future in Our Hands), by succeeding to finalize the Bali Road Map at the 13th COP in 2007, by designating the year 2009 as the Year of Climate Change, and by hosting the Global Leaders Meeting on Climate Change on September 22, 2009, and working hard for the success of the 15th COP in Copenhagen.

The Security Council of the United Nations had an open debate on Energy Security and Climate in April 2007, indicating that climate change is not just a problem of sustainable development but of global security.

This brings to the problem of the global governance at the United Nations; currently there are three major problems: 1.- How to revitalize the General Assembly, 2.- How to reform the Security Council and 3.- How to strengthen the functions of the Secretariat?

Question II: How can make “A Stronger United Nations for Better World?” or “Is there any alternative to the United Nations?”

We stand at the critical juncture in the history of mankind. In a world marked by unprecedented progress but also by equally pervasive threats and challenges, we must not be afraid of crises.

It is said that the hallmark of wisdom is in knowing how to turn crisis into opportunity. The word “crisis” in Chinese is composed of two meanings: danger and opportunity. Now that we are faced with crises, i.e. dangers and opportunities, we must do our utmost to turning these dangers into change opportunities by inventing a new form of political governance, the change for the better, the change moving into a new paradigm of governance.