



## STEWART PATRICK

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I am a senior fellow at the Council on Foreign Relations and direct a programme on international institutions and global governance. Among several things that we do is something called the Global Governance Monitor, which is the most comprehensive online effort to map and evaluate existing frameworks of international cooperation across a wide range of issue areas ranging from nuclear non-proliferation, global finance, the fate of the world's oceans, climate change, global public health, efforts to restrict armed conflict, and terrorism, and soon we will have a component on human rights as well.

It is a distinct honour to chair this session on the state of global governance, and especially to have two such wonderful panellists here. Sean Cleary, among other things, is Chairman of Strategic Concepts and a distinguished former South African diplomat. We are also delighted to have Bruno Lafont, Chairman and CEO of the Lafarge Group; in addition to being one of the sponsors of the World Policy Conference, he has a wealth of experience in the economic realm.

Thierry mentioned yesterday in the opening session that the question of global governance and effective multilateral frameworks for dealing with global issues will be one of the paramount challenges of the 21<sup>st</sup> century, given a world of deepening interdependence which, it has now become clear, is not only political, security, economic and ecological but also moral as well. We have obviously seen some adjustment in monetary and financial matters in the wake of the global financial crisis, but in other realms we see mostly inertia and stasis despite ongoing challenges, risks and vulnerabilities.

Global governance is obviously a slippery term open to many competing definitions. The phrase makes some people in the US reach for their revolvers, and we do have a lot of revolvers in the US, and the fact that I work in the Council on Foreign Relations and run a global governance programme exposes me very frequently to emails from conspiracy theorists, and some of them are quite colourful. My favourite says that though I am a smart and capable gentleman, Beelzebub tried global governance in the Tower of Babel, but it did not work for him and will not work for me either. Many of my emails are scripturally informed.

Be that as it may, the way I like to think of global governance, and for the purposes of this session, it is as the collective effort by states as well as non-state actors to address common challenges that transcend national boundaries. It is an effort to create what I would think of as purposive order and to create collaboration in world politics in the absence of world government. Governance at the global level is obviously more complex in a system of sovereign states lacking overarching political authority. What we find is often that governments are cooperating horizontally to negotiate new norms and rules of behaviour and embed these in institutions designed to provide public goods and mitigate global bads, but in fact most international organisations and frameworks of international cooperation lack the power to enforce compliance with collective decisions. Most of us would shy away from wanting a global government, and in its absence, governance is a patchwork of institutional arrangements.

A lot of these are intergovernmental, and some of these are truly global arrangements, such as the UN, the international financial institutions, and the WTO, but increasingly, as was pointed out in the last session, we are seeing a regionalisation of politics as well; so we find regional organisations such as AU, ASEAN or others increasingly as competitors as well as complements to universal fora, and that tension between the regional and global level creates interesting dilemmas for global governance.

Given the frustrations we have experienced with international institutions, there appears in my mind at least to be a trend toward à la carte or informal aspects of multilateral cooperation coalescing around specific issue areas and specific tasks, as well as a greater use of standing consultative fora, whether are talking about the G20 or the G8.



However, as Bruno mentioned in the session about corporate social responsibility, global governance is increasingly reaching beyond the state as corporations and civil society actors play an increasingly prominent role in defining the global agenda, establishing new norms, providing resources in many cases, and monitoring compliance with new rules. One sees this in a lot of innovative public-private partnerships, and even the Global Fund for AIDS, Tuberculosis and Malaria has the Gates Foundation as one of its leading members. One can also think of regulation of the Internet, for instance, or regulation of extractive industries.

The growing involvement of NGOs and the private sector, at the same time, can create questions of accountability and legitimacy that are important. There is sometimes a default position that including global civil society automatically means that things are getting more democratic, but in terms of accountability that is not always clear. What is clear that the supply and especially the quality of global governance has not kept pace with the demand for effective multilateral arrangements, and there are at least two reasons why.

The first, which has been a theme throughout the last couple of days, is that the transnational agenda driven by globalisation and technological change is challenging both the sovereign state and international institutions as formerly localised threats spill over sovereign boundaries. World politics in this sense is shifting from its historic focus, the management of great power relations. Geopolitics continues to be important, not least in East Asia and the competition between the US and China, but world politics has moved strongly toward the management of mutual risks and vulnerabilities, ranging from financial instability to climate, energy and security, to food and water, terrorism, migration, WMD proliferation, cybercrime, infectious disease etc.

It is clear that our inherited multilateral architecture is straining to adapt to these new challenges. It is also straining to incorporate or adapt to the growing influence of non-state actors, both malevolent and benign, and on the positive side these can include corporations, NGOs, civil society groups, advocacy groups and philanthropists, but on the negative side they also include sovereignty-free illicit actors such as criminals, terrorists or hackers who can hopscotch across sovereign borders and take advantage of the fact that states are very much locked into sovereignty.

The second major trend in the background is the ongoing diffusion of power from the traditional West to emerging economies, and the huge geopolitical implications that go along with that. This trend is most obvious with the emergence of the BRICS, but it goes much, much further than that. Developing countries, for the first time, account for more than 50% of global GDP in 2011, and it is predicted to rise to 60% by 2025. OECD countries were responsible for 60% of global GDP in 1990, and by 2030 it will be half that at 30%, about the same as the BRICS according to current projections. Obviously the result is a growing disconnect between the global distribution of power and the distribution of authority within traditional global institutions.

The desire, from the US perspective and that of the wider West, has been to somehow incorporate these countries as 'responsible stakeholders', to use the famous formulation that Robert Zelik, then Deputy Secretary of State, made in 2005 with respect to China. The idea here is that, in return for a place at the table and a growing voice, these countries might both embrace existing international norms and rules and cooperate in the provision of global public goods, and it is a really nice and hopeful scenario from the perspective of the traditional West, but it runs into several problems, of which I will name four.

The first is one which came up in Thierry's comments: it is not always clear that established and emerging powers share fundamental values or agree on the content of global norms, and they are disinclined to allow the West to set the terms of what responsibility means. The question is whose rules and whose values will govern, as these countries want to be rule makers as opposed to simply rule takers.

The second major obstacle is that rising powers may be much more inclined to enjoy the prestige and benefits of major players than contribute to global public goods, and this attitude is one that is reinforced by the self-declared status of many of these countries as developing countries, and thus countries that have enormous internal problems, which, again, gets in the way of collective leadership and burden sharing. The US and Europe, at the same time, are having difficulties exercising their traditional leadership.



The third major obstacle is that existing institutions and regimes are notoriously resistant to change, in part due to the vested interests of power wielders, and a great case study in this is the International Energy Agency. The International Energy Agency's membership continues to be based, as you know, simply on OECD countries, with their share of voting within that organisation pegged to their level of oil consumption in the mid-1970s. It is a bit problematic when you think that Western, or at least OECD, oil consumption has been fairly static since that time, and it has increased in China and India by eight- and six-fold, yet those countries are not at the table.

Further, it can be very difficult to reform international institutions, because there are often critical trade-offs between effectiveness, legitimacy and like-mindedness, and we see this very much in debates as to whether or not one should keep the G8 versus the G20, versus whether some sort of intermediate body that is reasonably representative but more effective might be the way to go. The most glaring example of institutional inertia has been and remains the UN Security Council, whose permanent membership has not changed since 1945.

The fourth and final constraint on global or international governance-and one that a number of people have mentioned-is domestic governance and the collision between the two of them. Globalisation has complicated the domestic politics of multilateral policy coordination and global governance reform, and this is true of all states. Today's multilateral agenda is much more intrusive and complex than it used to be. Trade is no longer simply about non-tariff barriers and reduction of tariffs, but it is increasingly about all manner of domestic policy choices. Thinking about the intrusive inspection regimes of something like the Chemical Weapons Convention, for instance, or the international health regulations of the World Health Organisation, you find everywhere that getting global governance requires some significant sacrifices of domestic policy autonomy, and sometimes external freedom of action. This is very problematic, particularly in countries with volatile domestic politics, and in this case democracy is no panacea, and in fact can often be a liability in terms of all this.

Therefore, sovereignty is alive and well and kicking, even in Europe, it appears, and there are significant questions about how, as one creates these international instruments, one retains sufficient democratic sovereignty.

Following these preliminaries in terms of the way I look at this problem and frame the challenge of global governance, I want to invite our panellists, beginning with Sean, to offer some reflections on how they see the current global governance challenge. There are three issues that I would like to cover, whether in their own comments or subsequently. One of them is how they see the current state of global governance and where the biggest gaps and the best prospects for reform are. The second is whether they see rising and emerging powers as constituting a fundamental challenge to Western order, or simply as a question of insisting on greater weight within reformed institutions. The third question is where leadership in global governance will come from. Will it still come from the US, or from China, or will it be absent?

Those are the questions; I have others as well, but with those preliminaries I will turn it over to Sean.