

**WORKSHOP OR TALKING SHOP?
GLOBALIZATION, SECURITY AND THE LEGITIMACY OF THE G8**

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Panel 1: The G8 in the Architecture of Global Governance - Which Legitimacy?

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Being the only governmental representative here today, I will concentrate on a policy-oriented presentation. But let me first begin with some historical remarks.

The world community faces the challenge of improving global governance, in the face of rising new threats (climate change, terrorism, global diseases, transnational crime) and resurgent old ones (poverty and growing intra-state violence).

The challenge to global governance is especially strong given that it results from the meeting of two often-conflicting contemporary trends:

- globalization, understood to be the growing world economic, environmental and security interdependence; and
- the rise or renewal of democratic forces in many developing regions.

From a developing country perspective the challenge is especially severe. On the one hand, globalization tends to subordinate elements of national policy to the dictates of global flows and patterns outside of government control and regulation.

In the other direction, this apparent loss of national sovereignty conflicts with the rising demand for popular self-determination and a desire to adopt policies (especially in the wake of the fiasco of 90's style liberalization) that foster development along national lines and local needs. In this sense, developing countries more than others feel the erosion of national capacity to implement urgently needed effective public policy objectives.

Developing countries feel that existing fora for global governance are largely irrelevant to these needs when not outright adverse, catering exclusively to Western-driven agenda. The weakness of United Nations system is at the core of this malaise. Yet, the revival of the General Assembly as the only forum with universal representation is not in sight. Neither is fundamental reform of the Security Council, in a manner so as to accommodate emerging economies in a more representative and democratic framework.

What is the way forward? Because global challenges and crises will not wait for fundamental multilateral housekeeping to take place, we are left with what I would loosely call the "coalitions of the willing".

From a Brazilian perspective, two possible candidates come to mind. One is a renovated European Union, which countries like Brazil would like to see develop an effective self-standing security framework within a coherent set of foreign policy goals geared to multilateral democracy. Could the G8 be a second option? There are at least two issues of legitimacy that bring this into doubt.

Firstly, because circumstances have changed enormously since 1975, when the G-8 was first conceived as a necessary coordinating mechanism for the major industrialized economies in the aftermath of the devaluation of the \$US and the aftershocks of the first oil crisis of 1973. The rise of the emerging economies, in particular in the last decade, has brought new and powerful actors onto the scene, most notably China. This compounds the fact that globalization in a general way has increased interdependence and financial flows, dwarfing the public resources that even major economies or multilateral financing institutions can command in dictating global economic policy. (One consequence of this is the rise in currency reserves on the part of developing economies to guard against global speculative currency movements).

Secondly, the G8 has far outstripped its original mandate by moving into the wider field of general policy, which explains why it now deals in issues such as climate change, the prospects for Africa, and debt cancellation. In this it follows the lead of the UN Security Council, (and NATO if I may be provocative) which has steadily, against limited and timid opposition, progressively brought under its mandate almost any issue under the sun, in what has sometimes been described as the "securitization" of the international agenda. The underlying cause, as is abundantly known, is the simultaneous retrenchment of the UN General Assembly.

Can these limitations be overcome? Can the G-8 be molded into a truly effective coordinating forum that helps bring legitimacy and effectiveness to global governance?

From Brazil's perspective, a highly positive step forward was the establishment as of 2003, at Evian, of the first G8 Outreach Summit, which - with the exception of the US Summit of 2004 - has brought a number of emerging economies into closer dialogue with the G8 proper.

The next logical step would be to institutionalize this dialogue mechanism, without excluding the possible regrouping the whole exercise into an enlarged forum in a future date. The present format, however, is of limited effectiveness as it essentially limits the whole outreach exercise to a side event, almost an afterthought, to the main course and therefore with limited impact on setting the agenda.

The five invitees wish to be actively engaged from the outset for two obvious reasons. Firstly, because our countries and citizens are often the most directly affected by decisions or the lack thereof on the part of the G8. Secondly, because in fact many of the most innovative and meaningful proposals on some of the major issues are coming from emerging economies.

Globalization has not so much eroded the leadership role of major developed states as introduced new actors into the decision-making process, both developing economies and non-state actors. The challenge of global governance is find a format for dialogue that allows mutual dependence to work to the benefit of all, rather than as an excuse to seek to extort one-sided advantages.

Brazil would like to see the G8 as a staging ground for such exercises, fostering "coalitions of the willing" that amplify and give resonance and credibility to coordinated proposals on the issues and challenges facing the world community. The joint German Presidency/ Outreach Group statement that came out last week offers some possible lines of action:

On the environmental front, biofuels can help bridge the divide on the energy security versus climate change debate. Cane-based ethanol, for one, offers a cost-effective, renewable and environmentally friendly alternative to fossil fuels. Large-scale biofuel production also opens up prospects for job and income generation in poorer countries with few cash-crop alternatives.

On patent issues, compulsory licensing of pharmaceuticals can help ensure that generic drugs for AIDS treatment arrive in poorer countries.

Innovative financial mechanisms for achieving the Millennium Goals have resulted in the Action Plan to Fight Poverty, which is partially funded by the airline ticket scheme already adopted in Brazil, Chile and France.

On the economic front, why must developing countries accumulate such large and costly currency reserves? To offset the risk of speculative movements against local currencies, the IMF should set up emergency support mechanisms that allow for counter-cyclical macroeconomic policy. Brazil is presently engaged in this debate at the regional level, as we discuss setting up a regional bank.

On the trade front, we should move to make biomass-based energy sources into internationally traded commodities. This requires not only support for the International Ethanol Forum (to deal with technical and logistics matters) but also doing away with tariff barriers on ethanol. This is linked to the wider issue of bringing to a successful conclusion the Doha Round, so as to benefit at least the poorest countries.

These are the global governance priorities for most developing countries. From our standpoint, bring the G-8 back to basics means focusing on issues directly linked to poverty reduction and generating sustained growth. They are not necessarily at variance with Western-minded notions of fostering democratic values, the upholding of human rights, social and labor standards and environmental protection, which are at the core of the "G-8 constitution", the 1975 Rambouillet Declaration.

However, the linkage between the two conceptions must be better presented, by engaging developing countries at their level of concern and need.

This means, among other things, not attempting to transform the G8, for example, into a quality-control agency that seeks to impose unilaterally global minimum standards on social and work norms, the environment and investment protection irrespective of local conditions.

In fact, on many of these issues international public opinion has increasingly been an ally of developing countries. One way forward is to harness market forces that express widespread public sentiment. Through rigorous certification procedures developed locally, but reinforced by multilateral agreements, consumers can be assured of purchasing only goods that have the seal of minimum standards. Such a policy is already in force in, for example, timber management in some developing countries. Brazil's success in reducing deforestation by 50% since 2003 is an example. Brazil is presently developing the relevant expertise in the biofuels sphere to cater to concerns on environmental, labor, food security and land use issues. The global community can thus constructively encourage – not impose - change that is beneficial to all.

Ultimately, global forces and flows can be brought under control most effectively by harnessing market forces to the requirements of an international public opinion ever more aware of the need for integrated decision-making that brings onboard the legitimate concerns of all. The G-8, as a networking platform bringing together the different actors driving globalization, can help forge the global architecture for the 21st century.