

# Global Governance

Creating rules for running the world.

ROBERT JOHNSTONE

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## New Directions in Global Economic Governance: Managing Globalisation in the Twenty-First Century

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This collection of essays is the latest in the G8 and Global Governance series published under the senior editorship of John Kirton. It is a valuable addition to the series, which now comprises six books dealing with the challenges facing a messy and increasingly interconnected world, and the evolution of means of dealing with them.

The book, like predecessors in the series, is about governance, a slippery sort of word the meaning of which expands and at the same time becomes less precise with the extent of the social or institutional reality to be governed.

Start with one of its relatively simple applications. Corporate governance, the arrangements put in place to control and guide the affairs of a company, is much in the news these days thanks to the mess at Enron, and not only Enron. However large and however structured through subsidiary operations a corporation may be, corporate governance is grounded in the fact that the entity is, or should be, subject to overall control by its board of directors and management. There is a single centre of control and accountability. That centre must operate within the constraints of law and regulation—elements of governance coming from outside the corporation itself—but both its responsibility to control and its accountability for doing so are clear. The governance issues may be complex and may well call for difficult judgements about the balance of legitimate interests to be served. Nonetheless, the centre of authority, the governing structure, is unambiguous and is accountable for its decisions and actions.

Difficult as governance may be for a corporation, the complexities are nothing compared to those implied by the idea of global governance. Here there is no single centre of governance. Governance involves national governments, the international institutions that they create, private companies and the associations to which they may belong and, with increasing influence, civil society—with its proliferation of non-governmental organizations pursuing their particular interests. It is an evolving patchwork of institutions, governments and governing bodies, public and private entities, dealing with an extraordinary range of matters of interest to the world community.

This is the inherently messy world of governance in which the essays in this volume are set. Global governance is both extensive and multi-layered—extensive because it can embrace pretty well any challenge facing the global community. In all sorts of ways and with respect to all sorts of matters to be governed, the peoples of the world are becoming interconnected and interlinked, and therefore mutually concerned. Whether the matter at issue is human rights, the environment, cultural creations and their dissemination, the operation of financial markets, or the health of national economies and their interaction, it is increasingly the case that what affects one can affect all.

Global governance is multi-layered because in the nature of the case

there cannot be one overall governor for the world. Not only are there so many areas of interaction and mutual impact to be embraced, not one of them can be governed by a single source of governing authority, however accountable it may be to a world constituency. In his contribution to an important collection of essays in *The Global Transformations Reader* (edited by David Held and Anthony McGrew, and published by Polity Press in 2000), James Rosenau quotes “The First Global Revolution: A Report of the Council of Rome”:

We use the term *governance* to denote the command mechanism of a social system and its actions that endeavor to provide security, prosperity, coherence, order and continuity to the system ... Taken broadly, the concept of governance should not be restricted to the national and international systems but should be used in relation to regional, provincial and local governments as well as to other social systems such as education and the military, to private enterprises and even to the microcosm of the family.

The second sentence recognizes this multiplicity of poles of governance and in doing so defines a reality much different from the notion of a command mechanism, even without adding a recognition, some ten years after the report was written, of the dramatic impact of civil society, its NGOs and their skillful use of the new technology of communication.

The place of international institutions in this patchwork of governance varies enormously. Some administer agreed-upon international rules accepted by their members and are endowed with mechanisms designed to enforce these rules. Some advise with little if any power to enforce. Some combine a mandate to advise on desirable actions with a capacity to support with money their implementation in return for commitments by national governments. Some are regionally based while others have broader global reach. Then there is that small self-selected body that has become almost an institution, the G8 (made up of France, Britain, Germany, United States, Japan, Italy, Canada and Russia), initially concentrating on economic matters, in no sense representative of the world community, and yet playing a powerful role in guiding the response to international challenges. All depend for success on the actions of others—national governments and private parties. There is—and as far ahead as one can see there will be—no overriding central authority.

The essays brought together in *New Directions in Global Economic Governance* deal with one aspect of global governance, namely economic management. The selection of topics derives from the topics that were highlighted at the G8 Summit in Japan in 2000 and related meetings. As has become habitual on these occasions, the communiqués (appended to the volume) touch on almost everything—the G8 communiqué, for instance, has 81 paragraphs grouped in sections dealing with world economy, information and communications technology, development, debt, health, education, trade, cultural diversity, crime and drugs, aging, biotechnology and food safety, the environment, nuclear safety, conflict prevention, disarmament, nonproliferation and arms control, and terrorism. Admittedly much of that communiqué reflects and endorses work undertaken in other groupings, and that is where much of the real work is done.

In that grab-bag of issues on which the summit leaders felt they should have something to say, a few themes do stand out in the 2000 meetings, and these are the meat in the essays in the book. While not surprisingly the essays touch on other topics, three interconnected themes have prominence: the dramatic impact of the revolution in information and communications technology (ICT), reforms of the international financial system,

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and the challenge of bringing poorer countries more fully into sharing the benefits of the global economy. These, launched by a realistic and rather depressing essay by Nicholas Bayne, remind us of the distance between promise and action flowing from G8 meetings.

Bayne's contribution is followed by three essays on ways in which the world now works—and will work—as a result of the ICT revolution. These technologies have created a new world through their impact on the production of goods and services, on the workings of financial markets, on the access by millions of people to information and to communication on a scale without precedent.

Thomas Lawton takes us through the ways in which ICT has changed and is changing the structure of production and marketing worldwide, leading on to governance issues that call for coordination of approaches among governments. Michele Mastroeni deals directly with "Creating Rules for the Global Information Economy: The United States and G8 Leadership," with an emphasis on the contentious issue of how to tax e-commerce. George von Furstenberg, in "Transparent End-Use Technology and the Changing Nature of Security Threats," shifts the focus to raise questions about the consequences, good and troublesome, of the push for transparency of access to information. Transparency is often regarded as unambiguously a good thing—the more we know about what goes on in governments and international institutions, the better. Von Furstenberg reminds us that confidentiality of information, whether about governing bodies or about individual affairs, may well be in legitimate conflict with a simple-minded push for transparency.

These essays about the impact of information and communication technology underlie and inform much of the discussion of global economic governance in other contributions in the book. This is particularly true of the material on reform of the International Monetary Fund, which is driven in part by the experience of rapidly spreading crises in financial markets now connected instantaneously by those new technologies. The essays on this broad topic include two contributions by Japanese authors, Kunihiko Ito and Saori Katada, reflecting, with respect to the financial crises that began in Thailand and spread in the Asian world, the tug between global/IMF answers and the Japanese pressure for a more purely Asian response. They include also John Kirton's contribution, in which he speculates about "where will the centre of global economic governance effectively lie?" Kirton plumps for the G20, in what he sees as essentially a competition with the IMF's International Monetary and Finance Committee. He may well have read the auguries rightly about which international grouping will prove most influential. But whatever emerges in an uncertain future, it may be fair to say that there will be no single centre of global economic governance.

Finally, on the subject of the global challenge of bringing the poorer among us more fully into the sharing of benefits, even a modest sharing of benefits, there is much here on this—the biggest topic both in moral terms and in the narrower terms of the self-interest of the more fortunate parts of the world community. Big questions are raised. How to spread the opportunities offered by the new information and communication technologies? How to encourage debt forgiveness by the rich while holding out reasonable hope that it will not be wasted by the peoples who need it? How to ensure that aid and private investment in countries that desperately need it will benefit those who most need it in those countries? How to persuade the governments of richer countries that their own people as well as those in poorer countries will benefit from fuller access to their markets and the abandonment of destructive subsidies?

All of these questions have in common the fact that they are addressed not only to international institutions, however powerful and well intentioned. In a world in which national governments still count, they are addressed also to national governments. That is where the rubber of global governance so often hits the road.

This volume is principally about international arrangements in a rapidly changing world. It offers important insights on that aspect of global governance. There is less in it about what is needed where the rubber hits the road—in national societies, rich and poor, led by their governments. Nor, understandably given its focus on meetings held in 2000, does it deal with events since then—notably the arrival of a new administration in the United States and its response to September 11th.

The 2002 G8 Summit in Kananaskis will be a testing time for both of these. Leadership by the U.S. in global governance is critical. It remains to be seen how the U.S. will combine its pre-eminent place of power with collaborative global leadership. Add to that the announced focus of Kananaskis on rich/poor issues with Africa at the top of the agenda. Will this be another occasion for Nicholas Bayne to write of the gap between promise and delivery? Let us hope not. ☹