

GOVERNANCE OR MAKING GLOBALISATION MEANINGFUL♦

By Pascal Lamy and Zaki Laïdi

The first thing to do when thinking about globalisation is to place it in context. This effort is dictated not just by intellectual rigour but by political necessity. Because it is now at the centre of the social and political debate, but at the same time, having difficulty gaining social acceptance, globalisation needs to be placed in the context of the history of capitalism and thereby put into perspective. Having done that, we will try to clarify the concept of global governance, which we would define not just in terms of institutional architecture but as an attempt to give globalisation political meaning.

I - New globalisation issues

Anyone trying to put the current debate on globalisation into perspective soon realises that the concerns and questions go back at least as far as the late 19th century. All revolve around what might be termed the social arrangements engendered by economic, cultural and political change.

While we accept globalisation as a totally social phenomenon – and not just an economic phenomenon it is equally clear that all the debates revolve around a certain number of issues, the most basic being the nature of the social arrangements connected with the production of goods and services. It is what Marx termed the commoditisation of the social order. Behind this idea lies the question of how a political community in the broad sense can accommodate the market - whose benefits are only rarely underlined in the French public debate - while preserving what Walzer would call a plurality of spheres of value. He means by this that a society's forms of social recognition cannot be dictated by the market alone.¹ This is also what we meant when we talk about the distinction between a "market economy" and a "market society".²

The only difference with the 19th century is that the debate is now universal and the conflicts are played out in the WTO. Those who assert the primacy of collective choices over the market are simply reformulating the debate on the commodification of the social order. Note, however, that putting this issue into historical perspective should not mislead us into believing that globalisation is simply an ideological construct, that it does not represent something new in the history of capitalism. Though this argument has the educational and political merits of not

♦ This article is intended for the Conseil d'Analyse Economique. Not to be quoted or published without the authors' consent.

¹ Michael Walzer, *Spheres of Justice*, Basic Books

² We see the dynamics of a market society as being based on five principles: the spread of cost pricing throughout the market sector; the extension of the profit motive into sectors from which it had been partly or wholly excluded; the growing hold of the profit motive over the construction and recognition of professional identities; the penetration of market thinking into social relations; the development of the profit motive in the regulation of non-market public goods. Cf.: Zaki Laïdi, *Le Sacre du Présent*, Flammarion, 2000.

overestimating the novelty and change, it is methodologically flawed and politically indefensible. The claim, for example, that "the historical stability of external trade's percentage contribution to GNP proves that nothing has changed" is unconvincing. The United States, for example, saw the share of its exports in GNP over the period 1913 to 1990 remain fairly stable, at about 7%. But this figure is misleading. In 1913 the sector of non-tradable goods and services was far lower than it is today. As a result, trade should be compared not to GNP but to the tradable sector. In the case of the United States, international trade's share of tradable output rose from 13% to 31.4% over the period 1913-90. This shows that an increasing proportion of tradable output is being sold internationally. We have mentioned trade, but we could cite other factors. In 1990 the share of non-residents in the capital of American firms was zero. It is now 20% and may reach 50% in five years' time.³ Globalisation marks a twofold rupture with the past that completely reshapes the world economy.

The rupture is spatial, as markets gradually merge into one, and temporal. The time factor, under globalisation grows tighter by the day. Financial markets are now real time and businesses just-in-time. Political timescales, however, lag behind the market, even if, paradoxically, the scope for political decision-making has diminished considerably.

In short, globalisation cannot be reduced to a quantifiable process. Perceptions and modes of recognition play a determining role. Anyone who doubts this has only to look at how market imagery is colonising social imagery far beyond the confines of the marketplace. Indeed, this is one of the major difficulties encountered by public action faced with citizens who declare themselves the best judges of their private and exclusive interests strictly as consumers.

For all societies globalisation represents a renegotiation of their relationship to time and space. This renegotiation is very strongly felt. Hence the need for politicians to address the issue. The change can be measured without going into technicalities. In trade policy terms, the fundamental differences between the WTO and GATT are evidence enough. GATT was essentially a machine for dismantling tariff barriers on the basis of measurable reciprocal concessions. While it remains an aspect of the WTO's work, that aspect is clearly set to be far less important than the conflict between collective choices in such matters as the environment, labour standards, competition and food safety. Interestingly, the debate on collective preferences is not rooted in the defence of sectoral interests pursuing tariff or non-tariff protection but in cultural and social choices. When Europeans express strong misgivings about the introduction of GMOs, they are above all expressing a collective wish to decide what they are eating (although there is here a distinction between food and feed). The same applies to environmental issues. Those who defend certain plant or animal species are defending public goods rather than private property.

Once tariff and non-tariff barriers have been dismantled or reduced, the main issue then becomes the harmonisation or levelling of the social, cultural and political conditions in which goods are produced for trade. At issue is just how far we should

³ *Le Monde*, 10 April 2001.

go to level the conditions of trade ... This idea that globalisation means a social level playing field for trade is probably one of the most tenacious misconceptions about globalisation. But the terms in which it can be dispelled and combated remain to be determined.

When the United States accuses Canada of dumping timber, it is actually questioning the right of the Canadians to keep their forests in public ownership, a system in which logging is not wholly governed by market thinking. The differences between Europeans and Americans on the protection of personal data can also be ascribed to a differing cultural and historical relationship to the State. The same grounds could be used tomorrow to argue that public education in certain countries represents a form of dumping vis-à-vis unsubsidised private establishments.

If just one definition of globalisation had to be chosen today, it would be of growing competition between social systems rather than the traditional competition between economic systems. This accounts for the fact that globalisation is more than ever before being experienced as a social phenomenon. And it is what makes globalisation an unprecedented political issue. The issue is particularly crucial for Europe, whose collective social preferences are being attacked from two sides. They are under attack from a neoliberal tendency to see welfare systems as obstacles to competition, but also from countries of the South whose share of industrial trade has grown considerably and whose production costs are clearly lower than ours.

And this is where matters become complicated and the critical capacity supplied by neoliberalism proves cruelly limited. One of the main North-South problems is that it is, to a certain extent, the North's defence of its collective preferences, which are fundamentally non-market (environment, social clause, agriculture), which stands in the way of the South's development. Some see this as an argument for each country to follow its own collective preferences. Perhaps, but the preferences are not the same, and the result of everyone deciding their own preferences, free from any rules based restraint, would be a return to the age of protectionism. This contradiction will probably only begin to be resolved when the international community succeeds together in identifying universal public goods and collectively guarantees their defence by, among other means, getting businesses, and therefore consumers, to assume all associated costs. That is still a long way off, even if the environment appears to be the issue on which the debate has progressed furthest. The task of arbitrating between collective choices is currently being very imperfectly performed by the WTO. It is clearly not equipped for the role. Its institutional structure is weak. But still more fundamentally, neither it nor any other specialised institution has a body of standards permitting it to arbitrate in such areas as health or the environment. For instance, the WTO could look to the FAO's *Codex Alimentarius* for guidance on the traceability of GMOs, but that work offers no detailed guidance on the traceability of seeds. Nor is the Convention on Bio Diversity (CBD) much help in the matter. Without guidelines on the conditions for recognising and arbitrating between collective preferences, the WTO is in danger of being perceived as no more than a dispute-settlement apparatus. The introduction of a legal dispute-settlement mechanism is obviously a great step forward in many

respects, especially for arbitrating in certain North-South conflicts. But the WTO cannot and should not become the world governance organisation.

It has to be pointed out here that the competition between social systems should not be seen as a catastrophe. Of course this competition can be purely destructive if it simply exposes all spheres to the constraints of market forces. But it does have its merits. Strangely enough, they include highlighting the importance of non-market factors in international competition.

Let us look at another example. The United Kingdom is in many ways a textbook example of neoliberalism. Its labour market is flexible, personal and corporate taxation is comparatively low, its financial infrastructure is impeccable and its macroeconomic management rigorous. Yet the United Kingdom's social performance is far from exceptional. This is not a political value judgment on the British experiment, but simply recognition of the fact that rigorous neoliberalism does not automatically bring significant improvements to average living standards or collective benefit.

How can this paradox be accounted for, given the UK's neoliberal orthodoxy? A probable explanation is that the United Kingdom's development is hampered by non-market factors. The most decisive would appear to be the poor performance of the education system. Run-down public services may well be another. On that basis, globalisation could very well be seen as a process that lays bare societies' social arrangements. What is revealed, however, is that non-market factors are and will remain just as crucial as market factors. One could indeed go even further and say that non-market factors will increasingly become the deciding factor as the major countries' economic policies converge.

Globalisation therefore performs a valuable function in laying bare collective preferences and providing an opportunity to debate or question them. Contrary to certain received ideas, however, arbitration between these preferences will not always favour the market. The debate on collective preferences cannot be reduced to a conflict between market and non-market preferences or between private and public sectors. There may, for example, be many instances in which the collective preferences of market and non-market players coincide, just as there can be considerable consensus between private and public sectors. When the defence of biodiversity in Guinea comes up against plans to mine iron ore, will the outcome favour biodiversity (the non-market preference)? Not necessary. These mines offer a lifeline for one of the world's poorest countries.

Preserving non-market factors should not, however, be seen as synonymous with increasing state regulation. Though this is important and will remain so, the static idea of the State as a bulwark against the market is wrong. The real issue is the quest for a new formula of social arrangements in which such crucial factors as cohesion, capacity to negotiate, security (in the broadest sense of the term) and education play an increasingly prominent role. It is known, for example, that

monetary transfers now have far less impact on social welfare than access to services, especially for working women.⁴

Thus, globalisation seems to be both a test for a society's social capital and a foretaste of how to give new meaning to "living together". The "meaning" given will, however, be shaped by highly diversified combinations of factors. In societies with a strong liberal tradition, "meaning" is given by the individual and mediated by the market on the basis of a relative readiness to take risks and a greater tolerance for the resulting inequalities. In societies with a traditionally stronger state role, giving "meaning" was primarily the responsibility of the State, and there was less tolerance for these inequalities. However, in northern Europe for example, "meaning" is given by more complex processes involving both the individual and the "community", which is not necessarily synonymous with the State. The best example is the Netherlands, where highly liberal ideas coexist with strong social-democratic forces. Sweden would be another. It is obviously difficult, indeed impossible, to transplant specific histories to other contexts, especially since oft-neglected factors such as a society's morphology have to be taken into account. In small, culturally homogenous societies the quality of social arrangements will tend to be better, or at least more easily improved, than in larger, more heterogeneous societies. But even where it does not already exist, it is always possible to make room for action or intervention. In societies like those in Europe, where there is still a relatively strong demand for cohesion, globalisation requires construction or reinforcement of all forms of social and cultural mechanisms with the potential to transcend a dichotomy between an increasingly rampant market, and a State that retains considerable resources, but whose capacity to respond to new challenges in terms of collective ownership or simple monetary transfers is no longer always appropriate.

II – What is governance?

Governance is fashionable. The term is now applied to every sphere of collective endeavour, whether public or private. People speak of "corporate governance", "local governance" and, of course, "global governance". This overuse of the concept of governance inevitably renders the term polysemic, vague and, as a consequence, not always operative.

But rather than highlighting the blurred edges, it seems more helpful to invest the term with conceptual and political content. This entails analysing the basic issues encompassed by the concept and proposing lines of political action in the field that concerns us here: global governance. We will therefore begin by trying to formalise the concept of governance before trying to see how Europe can use it. We define global governance as the body of processes whereby collective rules are drafted, decided, legitimised, applied and monitored. But to convey the full import of this necessarily general initial definition, we believe it helpful to begin by tracing the evolution of the term.

⁴ Gosta Esping-Andersen, "Quel Etat-Providence pour le XXI^e siècle?", *Esprit*, February 2001.

The concept of governance probably originated in the field of business theory.⁵ There governance is a transaction cost theory determining whether a firm decides to internalise or externalise subcontracting. Governance therefore refers initially to the essential idea of arbitrating between strategic choices that offer either control at the expense of costs (internalisation) or vice versa (externalisation).

What relevance can this concept have to globalisation?

The basic idea is that of a transaction. Global governance is essentially a transactional approach in a situation where the lack of historical clarity is marked. This lack of clarity chiefly reflects a similar fog surrounding the role of the State and, even more fundamentally, the meaning of politics today. If there is ever more talk of governance as a transactional approach, it is basically because the State no longer has the authority or resources to produce a political position that embodies the attitudes, opinions or interests of a national political community. Its pre-eminence over society is being called into question everywhere. The reasons for this are as numerous as they are complex. While an in-depth examination of the issue is beyond the scope of this article, a number of factors can nevertheless be identified. Almost all reflect the progressive breakdown in the historical connection between political integration and social integration in the framework of the nation.

The chief factor lies in the fact that political society has indisputably lost its power and authority over economic society. Of course, the rift between the two is far from total. But there is no doubt that the past twenty years have seen considerable growth in the market's ideological legitimacy as market players broke the confines of national boundaries. Though economic society needs political society to provide the stability and predictability necessary for the creation of wealth, this demand for government is not unequivocal. It is, for example, aimed at socialising costs and privatising benefits. The balance of power is obviously volatile and varies from sector to sector, country to country and region to region. But, whatever the balance of power, there is scope for transactions between nationally defined states that are supposed to express collective preferences, some of them non-market, and an increasingly non-nationally defined economic society that is sometimes tempted to shrug off any responsibility that might impede its pursuit of profit. The transactions are not, however, easy. Firstly, because the balance of power is unequal and varies over time. And, secondly, because States have a less clear vision of what constitutes the "common weal". This crisis in the common weal leads each player to consider its room for manoeuvre beyond control. The economic society claims to be operating in a world of unrelenting competition that leaves it little room for manoeuvre. It therefore looks to political society to perform the functions of social or environmental shock-absorber in its stead. Despite the standard view of capitalism operating separately from the State - which we do not accept - there is now a distinct possibility that capitalism will, for the first time in its history, seek to develop outside the State, especially in developed societies where infrastructure and systems of protection have matured and financial markets now operate as a "private currency". For its part, political society sees its capacity for action hampered by a rampant

⁵ We believe that it appears for the first time in Oliver E. Williamson, *Markets and Hierarchies: Analysis and Antitrust Implications*, New York, Free Press, 1975.

economic society. In some cases, it can even be argued that political society has lost its capacity for action because governments have come to terms with their defeat. Why act when we cannot act?

The dissociation of the interests of political and economic society is one of the problems facing governance. But it is not the only one. There is also the fact that the conditions in which political authority and legitimacy are shaped and asserted are changing too. In increasingly individualistic, culturally and socially heterogeneous societies, the Fordist trade-off between authority and security seems redundant. Governance expresses a new power paradigm, which depends less on a fixed and static hierarchy than on flexible, modulable and fluctuating networks. This paradigm shift is not unlike the transition from disciplinary societies to societies of control described by Foucault. The Fordist society fits the profile of a disciplinary society quite closely, while the network society is closer to the paradigm of the society of control.⁶ This new paradigm was described by Foucault as "biopower". By biopower he meant the fact that life was now an object of power. How right he was. If power in the 20th century turned on the issue of the ownership of the means of production, it is not unreasonable to argue that the issues of the 21st century are rooted in the ownership of the "life", such as biotechnological patents, for example. Given the ethically and technically tangled nature of these issues, making choices calls both for the pursuit of a consensus and the development of a culture of evaluation. None of these changes can be spontaneously handled by traditional representative democracy.

The upshot of all this is that representative democracy based on the principle of authority delegated for a limited space-time, i.e. a nation state between elections, is increasingly unable to represent society. This is a key point that needs to be underscored in France, where the exclusive reliance on electoral legitimacy stands in the way of the renewal of political thinking on globalisation.

And if democracy continues to consist solely of representation, it is also constructed by procedures, discussions, reports and opinions expressed in real time. The result is that no public act can any longer be based on a principle of authority, however legitimate. The State is thus forced to contractualise its relations with other agents to guarantee the legitimacy and effectiveness of its acts. The State is constantly negotiating its legitimacy with an eye to winning acceptance for its acts from its "authorising environment". The concept of governance is therefore based on the idea of negotiated rather than instituted legitimacy. This fundamental change is naturally complicated by the fact that the national unit is increasingly irrelevant for such governance.⁷ This makes governance doubly important.

It could of course be retorted that the idea of negotiated legitimacy poses more problems for the State than for an independent administrative authority, since

⁶ For an interpretation of Foucault's work in the context of globalisation see Michael Hardt and Antonio Negri, *Empire*, Harvard University Press, 2000. This work displays remarkable intuition, even if its ideological interpretations are often highly contestable.

⁷ Jean-Louis Bianco, Jean-Michel Severino, "Un autre monde est possible. Globalisation, gouvernance, développement"», *Les Cahiers de la Fondation Jean Jaurès*, No 20.

the State in democratic societies owes its legitimacy to its representativeness. This is a valid objection. And that is why the State should be seen neither as a pre-eminent agent nor an agent like any other, but as a fractal agent which is at once the expression of the whole and a part thereof.⁸ The idea of governance reflects this persistent ambivalence in the role of the State. Governance would, in such a context, be the expression of a "government of things" which, though not excluding States, transcends them. As far as we know, nobody has yet made the connection between the idea of governance and Foucault's idea of governmentality. Yet such a connection should perhaps be considered. Governmentality conveys the idea of a government exercised not necessarily by the sovereignty of the State but by controls and norms. For Foucault, governmentality is at once internal and external to the State. And it is this interaction between power inside and outside the State that governance has to confront.⁹ A good illustration of the State's fractality is the fact that public entities are both market operators and regulators, which is why the State sets up independent regulatory authorities.¹⁰

So far we have looked at governance as a process of complex transactions in a context of historical lack of clarity surrounding the role of the State. Now we will turn to a second aspect of governance, namely that of transactions between heterogeneous agents.

These agents are those of political society and economic society. But they have now been joined by the agents of "civil society". This is not the place for a detailed analysis or history of the concept of "civil society". We will simply say that the emergence of civil society reflects an expansion of the political sphere, which is in the throes of emancipating itself from an exclusively state rationality. This process naturally raises many issues. But it can be considered a form of social regulation of markets. Just as there are market authorities independent of the State, so social authorities independent of the market are coming into being. This is why we wholeheartedly endorse Habermas's simple and operational definition of civil society, which he sees as being made up of associations, organisations and movements which receive, condense, amplify and retransmit, to the public political sphere the signals generated by social problems in the spheres of private life.¹¹

In view of this civil society's growing role in the global public sphere, it is not difficult to conceive of global governance as the processes by which political, economic and civil societies negotiate the practicalities and forms of the planet's social arrangements on a basis of conflictual cooperation. This means that the concept of global governance embraces not just the institutions and procedures but the very purpose of these social arrangements. This is an extremely important point,

⁸ This idea comes across clearly in Louis Dumont's theory of hierarchy as the principle by which elements of the whole are ranked in relationship to the whole, *Homo Hierarchicus: The Caste System and its Implications*, University of Chicago Press, Chicago, 1970

⁹ Cf. Michel Foucault, "Governmentality", *The Foucault Effect: Studies in Governmentality, with Two Lectures by and an Interview with Michel Foucault*. University of Chicago Press, Chicago, 1991

¹⁰ Cf. Marie-Anne Frison-Roche, "Comment fonder juridiquement le pouvoir des autorités de régulation?", *Revue d'économie financière* (60), p. 88.

¹¹ Jürgen Habermas, *Between Facts and Norms: Contributions to a Discourse Theory of Law and Democracy*, Cambridge (MA), MIT Press, 1996.

even it seems self-evident. All too often questions of governance are couched in terms of institutional architecture, terms whose sophistication sadly masks the failure to consider their purpose. Admittedly, it can always rightly be posited that the institutional dynamic itself creates meaning when socialisation between agents is concerned. But this is a high-risk strategy. At European level, for example, it is clear that overinvestment in institutions leads to a stalemate when no longer backed up by a clear understanding of the purpose and role of those institutions in different spheres of public life. And what is true for Europe is naturally even more true for the rest of the world. There is no point discussing the rules of a sports club before agreement has been reached on the sport to be played.

III – Europe and global governance

In view of what we have just said, it is reasonable to believe that global governance's heyday is still some way off. Especially since, in a globalisation process that is not itself systematic, the goal of governance is probably less to attempt to reunify these processes than to mitigate the tensions generated by the cleavage between them. These tensions obviously include the conflict between collective preferences, whether expressed by nations, interest groups or regional groupings. In these circumstances, governance should perhaps be conceived as a new political approach aimed at sidestepping complexity rather than at controlling and stabilising the tensions inherent in that complexity.

Whatever the case may be, renouncing this utopian view does not dispense us from considering means of action in the short, medium and long terms. In the short term the most realistic approach could be based on what the United Nations terms confidence-building measures (CBM). Such measures would basically be aimed at developing the confidence of the various agents in the system, with no pretence to settle the fundamental problems raised by global governance. A textbook CBM is the communication by central banks of financial information to the IMF in the interests of transparency, which is a powerful lever. This happened in Asia after the 1997 crash.

Of course such measures completely skirt the issue of the conditions in which an ordered liberalisation of capital movements would be possible. But reinforcing supervisory approaches and establishing codes of conduct are not insignificant. Comparable measures can be taken by the WTO either to facilitate the access of NGOs to the information available to panels or to increase technical assistance to the poorest countries, which are more or less totally unable to take a viable role in the WTO. The Everything but Arms (EBA) initiative should be seen in this context, even if its results make it far more than a CBM.¹²

In a completely different context, the UN's Global Compact is part of the same approach. Without claiming to resolve the fundamental issue of corporations' social responsibility, it creates a standing forum in which the issue can be addressed. Establishing forums for advancing social standards is a crucial dimension of

¹² The EBA initiative is aimed at guaranteeing free and unconditional access to the Community market for all products from the poorest countries other than arms.

governance. This demands that some way be found of addressing politically the prevailing distrust between the main multilateral organisations and the movements opposed to them.

Yet none of these measures, however valuable, can resolve the key problem of governance, namely addressing divergences in collective preferences. And what are Europe's principal collective preferences?

First and foremost, Europe's main collective preference is arguably the pursuit of global governance. This seems essential to us if not always immediately self evident. Indeed, it has to be understood that global governance itself, in the sense of a quest for a non-hegemonic and pluralist collective world order, is not self-evident. Not only do the players in the global system have differing conceptions of governance, but they have different interests. If governance is conceived in terms of order and that order is conceived of "realistic" terms, it can, for example, be argued that the richest countries have no great interest in investing themselves politically in a global governance project, since the limited global governance that exists by default offers them effective protection against economic and financial contagion from the South. Moreover, even assuming that the countries of the North are not the sole beneficiaries of globalisation, it clearly reinforces the asymmetric relationship between North and South in the matter of conflicts and sanctions. When a WTO panel rules in a dispute between an industrialised and a developing country, the stakes are always higher for the developing country. What then is Europe's interest in investing politically in a rule-based system of governance when its broad social interests place it on the side of the rich?

The main reason is that Europe is and will remain an intrinsically soft power. It may one day have its own military arm and an autonomous diplomatic service, but these instruments of power are unlikely to be used to pursue a strategy of political domination. This hypothesis seems credible not because Europeans' culture makes them morally superior, but simply because they have satisfied their need for Empire. If there is a cultural consensus in Europe, it is a deep-seated reluctance to be the world's policeman. In short, there seems little likelihood that Europeans will use hard power in any but the most exceptional circumstances. This hypothesis is borne out by the fact that Europe has little prospect of becoming a nation state like, for example, the United States. Thus, it will always have more difficulty making diplomatico-strategic deals than it will trading economic advantages for politico-military guarantees.

Since the Cold War ended we have tended to play down politico-military strategies in favour of economic and financial processes. But the two are not contradictory. The rise of China today and India tomorrow may revive the idea of competitive co-management by great powers, including in international regulatory organisations. It is therefore in Europe's interest to strengthen the institutions of global governance to preserve them from political interference. To do so, Europe should encourage the formation of coalitions of interest capable of asserting a number of collective preferences in the public and political spheres. It can and must

do so with a country like Japan, which takes positions similar to Europe's on many issues, especially the environment.

This European preference for global governance is dictated by the demands of political positioning. But it serves an equally important ancillary purpose: that of reinforcing Europe's internal governance. We believe this to be a key issue warranting further examination. Historically, political structures tend to develop internally largely in response to external constraints. In most cases the constraint has been war. It is absolutely obvious that any European action in favour of global governance requires Europeans to reinforce their own governance. Conversely, Europe's limited mobilisation on the issue of global governance can be explained by the fact that European positions on many issues outside the Community competence are still far from harmonised.

The above arguments for Europe's committing itself to the pursuit of global governance would be incomplete if they did not take account of a key cultural factor: Europeans' desire for ever-improving living standards (health, environment). The objectives therefore oblige Europe to pursue a development model that is sustainable in three ways: economically, socially and environmentally.¹³ Because Europe occupies a relatively small geographical area, environmental "demand" is probably stronger in Europe than in the United States. Because Europeans' attitudes to food differ from those of Americans, their sensitivity to genetic modification is more acute. Because Europeans are the heirs to a relatively strong tradition of organised labour, they are, once again, even more attached to high social standards than people in other countries. In short, Europeans are at the forefront of efforts to defend non-market collective preferences and therefore, by construction, the most vociferous advocates of global governance. There is, however, a great gap between this considerable potential for global governance and the effectiveness of the commitment. This gap is probably the result of political inhibitions and the difficulty of surmounting national considerations. For example, it is obvious that the dispersal of European seats in the IMF is detrimental to Europe's cohesion in a forum that the United States considers to be dominated by Europeans!

The second collective preference is crucial but consistently ignored: a non-hegemonic culture of global relations. This preference is as much a matter of ethical principle as political practice. The idea encompasses the defence of human rights, the respect for cultural diversity and the rejection of unilateralism in favour of consensus. Naturally, the connections between these three dimensions are no easier to state than they are to organise. It is, however, one more manifestation of the culture of soft power that lies at the very heart of the building of Europe. Europe obviously has a lot to say on cultural diversity, assuming, of course, that cultural diversity is not perceived in purely protectionist terms.¹⁴

¹³ Pascal Lamy, "Bilan et Perspectives après Seattle", CDC, *Rapport sur l'argent dans le monde*, Paris, Montchrestien, 2001, p. 79.

¹⁴ It has to be said that the idea of an American culture flooding the world and obliterating cultural diversity seems unfounded. Not only is global culture not necessarily American (Cf. the films of Luc Besson), but the argument of passive reception does not bear serious analysis. Hundreds of millions of people may have seen *Titanic*, but they did not see it in the same way. An Indian director explained the film's unexpected success in

The third concerns the reduction of international inequalities. Europe's achievements in this area have been mixed. Though it, and in particular Scandinavia, has for decades demonstrated a genuine interest in development issues and poverty, its performance in the area has not been particularly spectacular. Nor is there any real European discourse on international inequalities and ways of reducing them. It also has to be acknowledged that corporate Europe's interests, as illustrated by the case of generic drugs, do not predispose European politicians to advocate solutions detrimental to those interests. Indeed this is why the mobilisation of civil societies is so important: they can express collective preferences that are not necessarily shared by business.

The fourth preference concerns the environment. In this area the objectives are relatively clear. What is lacking, however, is the political will to implement them. This is why the idea of a World Environment Organisation demands serious consideration. Of course, the creation of a World Environment Organisation is no guarantee. But it could provide a forum for global debate, including for the countries of the South concerned by the issue of the environment. The architecture of such an institution would, however, have to guarantee from the very outset the representation of all stakeholders, not just governments. One possibility would be tripartite national or regional representation along the lines of the ILO.

The fifth collective preference undoubtedly concerns food safety and health. In both these areas Europe could focus on boosting the presence of the WHO and FAO in the global debate as the links multiply between trade and public health and health, trade and food.

The sixth and final preference concerns the sensitive issue of labour standards. By this we mean compliance with core social standards in the exercise of any tradable activity. Once again the framework for expressing collective preference exists, but it lacks both visibility and political recognition.

To summarise, Europe could focus its strategic action in the matter of global governance on reactivating existing international institutions capable of expressing global collective preferences. Given the scale of this task, the issue of political and institutional harmonisation cannot be resolved by establishing a regulatory superstructure. This objective seems out of reach. It therefore seems wiser to begin by strengthening the normative powers of the existing institutional constellation (FAO, ILO, WHO). This could provide a starting point for the global debate on collective preferences.