

A EUROPEAN APPROACH TO GLOBAL GOVERNANCE

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Before we can think about globalisation it must, as a matter of intellectual rigour and political necessity, be located. This requires that the challenges globalisation presents, central to almost all contemporary social and political debates, be placed in their historical perspective. Only once this has been done is it possible to specify an idea of global governance, defined not merely as an institutional architecture, but also as an attempt to give a political meaning to globalisation.

New challenges

When discussing globalisation, the social effects of the economic, cultural and political change it generates are often the core issue. This reflects concerns, present since at least the end of the 19th century, about the capacity of political communities to ensure their own space within the market, and thus to maintain what Walzer has called "a plurality of spheres of value".¹ Different forms of social recognition cannot reside solely on the sanction of the market, and we must continue to distinguish between a 'market economy' and a 'market society'.²

Globalisation constitutes a renegotiation of society's relationship to time and space, one that is often deeply distrusted. Without entering into the technical

¹ Michael Walzer, *Sphères de justice*, Le Seuil, 1997

² The distinction between a 'market economy' and a 'market society' was first made by Zaki Laïdi, in an interview in *Le Monde* in June 1997. Since then, it has been extensively used by Lionel Jospin in his definition of the French left. Zaki Laïdi, *Le Sacre du Présent*, Flammarion, 2000.

details of how to measure change, it is sufficient to note the fundamental transformation brought about by the creation of the WTO. The GATT was essentially a machine for dismantling tariff barriers on the basis of quantifiable and reciprocal concessions. While this dimension is still present in the WTO, it is far less important than the confrontation of collective preferences (the environment, social norms, competition, food security).

Interestingly, this confrontation is not based on the defence of categorical interests that require tariff or non-tariff protection, but rather on cultural and social choices. When Europeans express reservations about the introduction of Genetically Modified Organisms (GMOs), they are expressing first and foremost a desire to retain a separation between food and foodstuffs. The same reasoning applies to the protection of the environment. Those who defend certain flora or fauna are not defending a private good but a public one.

Similarly, the United States' accusation that Canada is dumping wood products is inspired by the public ownership of forests in Canada, a system within which wood exploitation is not subject to the market's logic. The consequence of different cultural and historical relationships with the State, this also explains many of the disputes between Europeans and Americans on the protection of private goods. Under this logic, who knows, it could one day be argued that publicly funded education constitutes a form of dumping.

Globalisation, then, seems to inspire competition between social systems. Indeed, it is this new form of competition that is the root cause of social resentment. This is the new political challenge posed by globalization, and for Europe it is a fundamental one. European collective preferences are subject to a dual attack: from the neo-liberals, who consider social systems as obstacles to competition, and, from the South, which has lower production costs.

One of the major sticking points of North-South relations stems from the North's defence of collective, non-market based preferences (the environment, social clauses, agriculture) that do, in certain ways, hinder the development of the South. It is very likely that this shall only be resolved gradually, once the

international community has identified global public goods that shall be guaranteed collectively - ie by the internalisation of their costs by market actors and consumers.

Arbitration between these preferences has provisionally, and imperfectly, been undertaken by the WTO. On current evidence, however, it is not well suited to the task. Its institutional structure is weak and, more fundamentally, it does not have a stock of norms to apply in fields such as health or the environment.³ In the absences of any guidelines for recognising and arbitrating common preferences, the WTO runs the risks of appearing to be little more than a mechanism for addressing disputes. However, this itself does constitute a real step forward, notably in the resolution of certain North-South conflicts. Despite this, we should not expect, or accept, that the WTO become the central institution of global governance.

Competition between social systems should not be thought of as cataclysmic. While it can appear to be purely destructive, paradoxically, it also has the virtue of highlighting the importance of non-market factors in global competition. For example, it could be argued that non-market factors in the UK - such as the historically weak performance of the education system and under investment in public services - have appreciably slowed economic and social growth. Indeed, as economic practices across the globe converge it may well be that these non-market factors are actually what make the difference.

It is important to guard against identifying growing public regulation with the protection of non-market factors. Certainly, public regulation is still important, but the static idea of the state as a rampart against the market is mistaken. The real challenge is to find a new alchemy in which cohesion, dialogue and security, not to mention education, play an increasingly important role.

³ Take GMO traceability, for example, the WTO could use the codex alimentarius of the FAO. However, this does not provide precise indicators for the traceability of seeds. The convention on biodiversity is also of little use.

Globalization, in testing a society's social capital, highlights the importance of social and cultural mechanisms that transcend the contradiction between a market with growing pretensions, and a state with still significant resources - but one where the ability to respond to these new challenges through collective appropriations or simple monetary transfers no longer appears appropriate.

What is governance?

Governance is now an incredibly topical issue. One hears talk of corporate governance, local governance and of course global governance. The immoderate use of the term has led to an inevitable criticism: namely that it is amorphous, a fluid, inoperable concept. However, it can and should be invested with conceptual and political meaning. On the conceptual level, this requires an analysis of the fundamental challenges the concept presents. Politically, this entails identifying paths for action in the field that is of particular concern to us here: global governance.

The concept of governance originated in the field of business theory,⁴ more precisely out of a theory of transaction costs that sought to evaluate the relative advantages of internalising or externalising through sub-contracting. Thus, at its origin, governance referred to a process of arbitration between competing strategic choices.

How then, can this be applied to the issue of global governance?

Global governance can be understood as a transactional logic, one that exists in the context of historical indecisiveness as to the role of the state and, more fundamentally still, the meaning of politics. In essence, when talking about governance we generally accept that the state no longer has the necessary authority or means to produce a political position that adequately represents the general or collective interest. Its position above society has been called into question. The reasons for this are numerous and complex. Nevertheless, we can

⁴ O. Williamson, *Markets and hierarchies. Analysis and antitrust implications*, Free Press, 1975

identify a certain number of factors that testify to the increasingly unsatisfactory relationship between political and social integration in national systems.

To begin with, political society has incontrovertibly lost both power and authority to economic society. Naturally, this disjuncture is far from complete. But, there is no doubt that during the last twenty years the ideological legitimacy of the market has grown considerably, and market actors have seceded from the national systems in which they had previously been embedded. Clearly, the economy requires political society to provide the stability and predictability essential for wealth creation. This 'demand on the state' is not devoid of ambiguities. Notably, it foresees the socialisation of externalities (risks) and the privatisation of gains. The terms of this relationship are also unstable; they vary from sector to sector, and from country to country.

While there are grounds for transactions between territorial states that supposedly express collective preferences, some of which will not be market based, such transactions are difficult to achieve. On the one hand, the balance of power is unequal. On the other, states do not have a clear vision of what constitutes the 'common good'.

This crisis of the 'common good' has led different sets of actors - be they economic or political - to consider their own external room for manoeuvre. Economic actors, asserting that they work in a pitiless and competitive universe that leaves no room for manoeuvre, turn to politicians to ensure the removal of social or environmental ballasts that might otherwise be imposed. Alternatively, political actors, having analysed the hypertrophy of economic activity as an obstacle, tend to have an inhibition about acting at all. States seem to have internalised their supposed defeat. "Why act when we can not act?" appears to be the motto.

The dissociation of interests is but one of the problems of governance, to it must be added an analysis of the radical transformation of the conditions within which political authority and legitimacy now develop. In increasingly individualistic and

heterogeneous societies the Fordist-inspired compromise between authority and security appears to be null and void.

Governance expresses a new paradigm of power that flows less through a fixed and static hierarchy than through flexible, changeable networks. A consequence of this is that representative democracy, founded on the principle of authority delegated within a fixed time limit, is increasingly unable to represent society. While democracy continues to be built on the principle of representation, it is also based on procedures, deliberation, expertise, and opinions that are expressed in real time. Any legitimate public act is thus based on more than the principle of authority. The state is, in essence, required to contractualise its relations with other actors, to permanently negotiate its legitimacy.

The concept of governance is thus based on a concept of legitimacy that is negotiated rather than institutionalised.

How can we characterise the transactions between these actors?

At the outset, it should be noted that this is not simply a matter of economic and political interaction. To these one should of course add civil society. The prominence of civil society actors is symptomatic of the process that dilates politics. Just as there exist market authorities independent of the state, so there are social authorities independent from that same market. As Habermas argues, the importance of civil society is that it at once condenses and amplifies the social problems present within the private sphere.⁵

In this context, we can define global governance as the process through which political, economic and civil societies negotiate, on a planetary scale, social arrangements based on the principle of conflictual cooperation. Global governance thus simultaneously refers to institutions and to procedures, to ends and, even a minima, to social processes.

⁵ Jürgen Habermas, *Droit et Démocratie*, Gallimard, 1991.

Too often, however, questions of governance are thought of simply in terms of institutional architecture. It could be argued that it is the institutional dynamic itself that provides at least the basis for socialisation between actors. But this is a very risky bet. For example, at the European level over-investment in institutions has led to a dead-end, one where we no longer work to clear guidelines. What is true for Europe is doubly so for the whole world.

Towards a European approach

The 'great dawn' of global governance will not, therefore, happen overnight. Before it does, we should ask ourselves what the basic objectives of this governance should be? The means will naturally vary according to the ends.

Five possible models of governance can be identified:

- governance as a means of preventing a systemic crisis;
- governance as the integration of those excluded from the process of globalisation;
- governance as a means of interlocking societies, with a view to some kind of societal convergence;
- governance as a means of recognising the collective preferences of each society; and,
- governance as a project of sustainable development.

Ideally, these five models would be complimentary, but we now know that they have proven difficult to reconcile. There is neither consensus on the hierarchy of objectives nor the means to achieve them. Recent experiences at Monterrey and Doha illustrate the difficulty in identifying a route to global governance. Moreover, the growing divergences between Europeans and Americans on a number of subjects, such as Kyoto or the International Criminal Court, reinforce this. It is, then, uncertain whether September 11th actually changes anything. One might fear that the new imperative of fighting terrorism, and the need to reduce the US's vulnerability, limits the latter's ambitions for global governance.

Even at the European level, no strong consensus on these questions has emerged. On the one hand, there is still no clear collective desire for Europe to assume a political leadership role. On the other, beyond general agreement on certain principles, Europeans do not have a shared vision of governance.

However, these difficulties, no matter how considerable, should not stop us from acting.

In the short term, the most realistic course of action would be the promotion of what the United Nations calls CMBs (Confidence Building Measures). In essence, these are measures designed to increase the level of confidence that different actors place in the system, without pretending to solve the basic problems. For example, it could be argued that efforts to build transparent financial information held by central banks and relayed to the IMF are an example of a CBM that could have considerable leverage. This is what has happened in Asia since the crisis in 1997. Naturally, such measures do not address the conditions in which an orderly release of capital can take place. Despite having shortcomings these measures should not be underestimated, they do reinforce the logic of supervision and establish codes of conduct.

In the WTO, comparable measures could be taken, either to aid the access of NGOs to panel information, or to reinforce technical assistance to the poorest countries in filing cases. The EBA (Everything But Arms) initiative also falls into this category, even if its results go beyond that of simple confidence building.⁶

These indicative measures, however valuable, do not resolve the basic question of governance: namely the harmonisation of collective preferences.

⁶ The EBA initiative guarantees free and unconditional access to the Community's market for all products coming from the poorest countries, with the exception of weapons.

Europe's collective preferences

It could be argued that the search for global governance itself constitutes Europe's primary collective preference. This seems to us to be essential. Global governance - ie the search for a global collective order that is neither hegemonic nor pluralistic - does not spring from thin air. Not only do the actors in the global system have differing conceptions of governance, but they also have different interests.

If one thinks of governance in terms of order, then one could imagine that the richest countries have no major interest in politically investing in a project of global governance. Indeed, a default global governance already exists that protects them from any economic or financial contagion from the South. In addition, and even when globalisation does not just profit the countries of the North, there is no doubt that the current system reinforces an asymmetry of shocks and sanctions.

What interest could Europeans possibly have in politically investing in a new system of governance, when, logically speaking, its interests place it in the camp of the rich?

Europe is, and will remain, essentially a 'soft power'. It may, one-day, have its own military capability and an autonomous diplomacy. But, owning the instruments of power does not imply that they will be put to use as part of a strategy of political domination. This is so, not because the Europeans are culturally blessed with a superior morality, but because Europeans have exhausted their need for an empire. If there is one cultural consensus in Europe, it is a profound reticence to act as a global police force. Europe is unlikely to become - once more - a 'hard power', except under very particular circumstances. In addition, Europe has little hope of becoming a nation-state comparable to the US. It would, therefore, be extremely difficult, diplomatically and strategically, for Europe to exchange economic advantage for political and military guarantees.

The central issue is whether Europe can, in the medium term, maintain its current position?

The current position is based on a political duality of 'soft' and 'hard' power, and it is difficult to say how this will be resolved. On the one hand, certain states consider European integration less as the beginning of a process of deeper union, and more as an economic club that compliments their membership of NATO. On the other, many members of the European Union find it difficult to imagine a federalised foreign policy.

Since the end of the Cold War, Europeans have learnt to favour economic and financial processes over and above political and military ones. But, the two are not contradictory. The growth in power of China, and more lately of India, could resurrect a system based on competitive co-management between the great powers, one that permeates those international organisations charged with regulation.

It is thus in Europe's interest to reinforce the institutions of global governance in order to prevent them being interfered with politically. To this end, Europe should favour building coalitions of interests capable of carrying a number of collective preferences into both the public sphere and the political arena. It can and should do this with countries like Japan, whose views are close to many of Europe's, notably in the field of environmental protection.

While Europe's interest in global governance is a response to the need for a political position, it also has a lateral function that is just as important: namely reinforcing the internal governance of Europe. This is a point that merits further discussion. Historically, all political constructions have developed from the inside - working against external constraints. It is clear, then, that any European action in support of global governance requires Europeans to further strengthen their own governance. Put differently, Europe's poor response to the challenge of global governance is explained by the fact that, in a good number of non-communitarised fields, the harmonisation of European positions is clearly still insufficient.

An assessment of the reasons that have inspired Europe to promote global governance would be incomplete if it did not take into account an essential cultural factor: Europe's continuing search for better standards of living. This objective compels Europe to search for a sustainable development on three fronts: economic, social and environmental.⁷ Given that Europe's physical space is relatively limited, this environmental imperative is stronger in Europe than it is in the US. As noted earlier, Europe's relationship with foodstuffs also differs to the American's, due to a heightened sensitivity about genetic modification. In addition, because Europeans have inherited a relatively strong social tradition, their attachment to high social standards is also greater than in other countries.

All of this implies that Europeans are pioneers in defending non-market collective preferences and, consequently, among those the most in need of a system of global governance. The growth of populist politics is a disturbing development, as it often seeks to undo the regulatory universe that springs from common action. How can Europe continue to defend the idea of a better-regulated world if its citizens express a desire to loosen collective arrangements between themselves? Admittedly, the clarification of competences and the principle of subsidiarity should, by its very nature, reduce this contradiction. But this step, however essential, is insufficient. In many cases, it is the regulation of common goods (the environment, health) that are in question. By definition, these common goods are indivisible, and unlikely to be subject to the principle of subsidiarity anyway.

A second collective preference, which is never mentioned but is nevertheless essential, is that of a non-hegemonic culture of global relations. This is as much a matter of ethical principles as it is of political practices. It includes the defence of human rights, the respect of cultural diversity and the rejection of unilateralism in favour of consensus.

⁷ Pascal Lamy, *Bilan et Perspectives après Seattle*, CDC, Rapport sur l'argent dans le monde, Montchrestien.

Naturally, the articulation of these three dimensions is neither easy to state nor organise. It stems from the 'soft power' culture at the heart of European integration. With regard to cultural diversity, Europe has things to say, so long as it does not think of cultural diversity as a purely protectionist measure.

The third collective preference is the reduction of global inequalities. On this issue, Europeans have shown contrasting performances. Europe, and notably Scandinavia, has for many decades had a real interest in the problems of development and the fight against poverty. Despite this, it would be fair to say that Europe's performance in this field has been far from spectacular. There has been no genuine European discourse on global inequalities or the means of reducing them, even if at Monterrey the harmonisation of European positions was more evident than it had previously been. Here, the mobilisation of civil society is essential, since it can express collective preferences that are not necessarily those of the dominant economic actors.

The fourth preference concerns the environment. On this point, the goals to be reached are relatively clear. What is lacking is the political will to put them into action. To this end, the idea of a World Environmental Organisation should be seriously studied. Naturally, the creation of such an organisation would not guarantee anything, but it could create a space for a global debate that includes the countries of the South. However, it is essential that the eventual creation of any such institution must ensure the representation of all actors, not just states. Here, a tripartite national or regional representation, similar to the model of the ILO, might prove appropriate.

The fifth collective preference relates to the problems of food security and health. In these two fields, Europe could work towards making the WHO and the FAO far more influential. This could be done by building links between trade and public health.

Finally, the sixth preference deals with the delicate question of social rights. Here it is necessary to extend the respect of minimal social clauses in all trading

activity. Again, the means of expressing collective preferences exists, but both their visibility and political recognition are insufficient at present.

In conclusion, a European strategy for global governance could be built around a reactivation of existing international institutions, capable of expressing global collective preferences. Clearly, the question of political and institutional harmonisation will not be resolved by putting in place a super regulatory body. This goal appears to be out of reach. It is thus preferable to start by reinforcing the normative power of the existing institutional cluster (FAO, ILO, WHO). It is from this foundation that a global debate on collective interests might start to take shape.

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