

## GLOBAL GOVERNANCE: EQUAL IS NOT VERY EQUAL

*The current globalisation process is the result of political globalisation, of the rules produced by a number of global institutions. Research on the democratic functioning and transparency of these institutions tells you a lot about the current globalisation and it's just as interesting as one shot remarks that there is too much or too little 'market'. In a recent book we studied in detail the most important global institutions and came to some remarkable conclusions. The current global governance has a certain hierarchy of values. Commercial rules and economic rules are enforced with more power (IMF, WTO) than social and ecological rules. The more powerful organisations are less democratic – as regards transparency, accountability to national democracies, and power distribution between countries – than the less powerful ones. Rich countries, especially the US, always have a veto against global rules. The rulings of WTO-panels are the big exception. The WTO tends to democratise the last years and that makes agreements much more difficult. Ngo's fill a vacuum in the current global governance. Of all the big countries, including China, the US ratifies by far the smallest number of international conventions in human rights, labour rights, and environmental protection. The EU is at the other extreme and seems the greatest defender of the rule of law in international affairs.*

The last decade globalisation has been criticised because of too much liberalisation and, hence, too much freedom and power for multinational corporations. This is definitely an important question but very often the answers aren't black or white. Several developing countries have benefited from liberalisation, especially if they were able to determine the timing and scale of opening up. Many developing countries are begging for investments from multinationals.

There are other angles from which to analyse globalisation that are just as interesting. In a recent book I studied how 'democratic' and 'balanced' the political globalisation is. Indeed, in the last sixty or more years humanity has built a whole network of international institutions and it are these institutions that in the end 'produce' the rules that give the current globalisation its specific form. These rules so to speak made it possible for globalisation to unleash its current forces, to realise the potential which was made possible – in the physical sense of the word - because of revolutionary changes in transport, communication and information processing technologies.

So I started off to study some crucial international organisations: the World Trade Organisation (WTO), the International Labour Organisation (ILO), the International Monetary Fund (IMF), the Multilateral Environmental Agreements (MEA's) and the United Nations (UN). Because the UN is a big house with many rooms I focussed on its three main organs, the Security Council, the General Assembly, the Economic and Social Council, and its work on human rights.

The first rather straightforward question I tried to answer was how much power these different institutions have. Power being the ability to force the nationstates to accept and apply the rules created by these different institutions. That kind of comparison can answer the question whether the current globalisation process is defending social rules with as much power as its commercial rules? By comparing the difference in power of the different global institutions I could deduce the hierarchy of values behind the current globalisation or in other words 'how balanced global governance is'.

Second question: how democratic are these institutions? In fact this question is translated in two questions because... uh...well, what does 'democratic' mean on the international level? The first question is the one of the power distribution: what is a democratic power distribution? One can argue about that. 'One human being, one vote' seems to be the most sensible base but I think the differences and distances between nations are still too big for the world to be ready to accept that China and India would have almost half of the power in every international organisation, or even a power distribution that remotely reflects that reality. 'One nation, one vote' gives as much power to tiny Vanuatu as to giant China, and that too seems a bit strange. But in practice 'one nation, one vote' is not as strange as the naked figures imply because Vanuatu seldom behaves as China in international relations. The unwritten power relations usually prevent this from happening: powerful countries have other means than sheer voting power to influence decisions. So in a way 'one country, one vote' may be as close as to democracy as you can get in the real world. Still, it's far from perfect.

While it's not easy to find a simple rule of thumb for a democratic power distribution, it remains crucial to look how power is distributed among countries to assess the level of democracy in an international institution. But it is equally important – and this is my third question - to know the link between these institutions and the nations their governments represent. The nationstate is the level where democracy seems to be most alive, or at least it is the level people are most conscious of the term democracy. I call it the really existing democracy - remember 'the really existing socialism' - to indicate that the political organisation of globalisation leaves much to be desired for when it comes to democracy. This linking up of national democracies and global institutions has to do with different issues. Who's is representing the Belgians or the Peruvians in these institutions? Can the Peruvians or the Belgians know what 'their' people are saying there? How are their positions developed? Which groups in society are consulted in developing these national positions? Is parliament or civil society formally involved? The more power leaks to the international level, the more important the answers to these questions become if you want to know whether we're still living in a democracy.

In my book I've tried to answer these questions but for the third question I concentrated mainly on Belgium and, a little bit less, on Holland because as a Dutch speaking Belgian I had the best connections in these two countries to find out who is saying what on behalf of whom in these different institutions. Because the role of the US is so well published, and so important, I sometimes could compare European experiences in this regard with that of the US. Anyway, it would be interesting to do the same exercise in, say, Uganda, Iran or Brazil.

So what were my conclusions of many months of research – speaking to all kind of stakeholders, studying texts of international law, visiting these different organisations, smelling and tasting how they work - and years of experience as a journalist in this field?

First conclusion was, not amazing, that the more powerful institutions were the WTO, the IMF (towards developing countries that need its money and its stamp of approval), and the Security Council (except towards the 5 permanent members – the P5- that can veto any council decision). These institutions are more powerful because they can sanction countries (or some countries) when they do not apply the rules set by them.

The WTO has an almost judicial modus operandi: any time a country feels another country does not apply the WTO-rules, it can file a complaint. Within two years a 'panel' of experts

will have produced a verdict which can then be translated into commercial sanctions. That is an almost unique mechanism on the global level. The WTO's power also resides in the pervasiveness of its body of rules. The fact that every member has to accept the whole body of rules (thousands of pages) is in stark contrast with the rules produced by the ILO, the MEA's or the UN human rights conventions. These social and ecological rules can be ratified by the different countries 'piece by piece' or 'a la carte'. If the US for instance wants to ratify the Human rights convention on civil and political rights but not the one on social, cultural and economic rights, and China the other way around, it is free to do so. The WTO does not allow much less flexibility. It's impossible to accept agricultural agreements and not to accept GATS. But the 'softness' of ecological and social rules is not only in the flexibility countries have in accepting only a small part of the existing rules. It stems just as much from the fact that there is almost no sanctioning power behind these social and ecological rules. If a country ratifies a MEA and does not abide by its rules, there will be no sanctions. That is so even though the language used in the MEA's seem to suggest 'binding obligations'. The Convention on Biodiversity (CBD) for instance, says that 'every party shall present, at the intervals determined by the Conference of the Parties, present reports on...' *Every party shall* is international standard language for an obligation but if a party does not make the required report on its progress in inventarising its biodiversity or in creating protected areas, there is no sanction. Last time the 188 CBD-parties had to make a report, only one third actually did so. The remaining two third of the countries was not sanctioned at all.

The Kyoto protocol is the MEA that seems to come closest to sanctions. It tried to develop a WTO-like panel that should produce a verdict when parties to the protocol do not fulfill their obligations. Still the secretariat of the UN-Framework to Combat Climate Change itself is playing down the sanctioning power of that panel. The only real sanction in the protocol is that countries that do not give correct figures on their emissions, will be banned from emissions trading. So it is only the reporting effort that is subject to sanctions, not the real effort to curb emissions.

The same is true for all ILO-conventions, even for the eight fundamental conventions (on the freedom of association, the right of collective bargaining, and the banning of child labour, discrimination in labour, forced labour) that all ILO-members pledged to promote in 1998. Some very big countries have not ratified the convention on the freedom of association but even the countries that have ratified it, can only be blamed morally if they not apply it. (The only exception will be the maritime convention which gives countries that ratify the convention, the possibility to block ships that do not respect the basic rules of the convention, even if that ship comes from a country that has not ratified the maritime convention. The maritime ILO-convention which was accepted in february 2006, owes this special power to a large extent to the fact that in international shipping ships by definition come on the territory of other countries, which creates a physical power towards countries that do not respect the convention. It's as if a piece of Panama comes temporarily to Europe.)

For human rights conventions the same is true. The only notable exception is when the security council considers large scale human rights violations as a threat to international peace and security. In that case violence could be used to stop that but this rarely happens, and it cannot be done in one of the P5 or an ally of the P5.

The Security Council is in theory the most powerful international organ because it can resort to economic violence and to physical violence if countries break the rules on international violence set in 1945 in the UN-charter (among which the most prominent rule is the prohibition to use violence against another country except in selfdefence) or in any other way threaten the

international peace and security. Problem is that this sanctioning power is very biased because of the veto's of the five permanent members (US, Russia, UK, France, China). In practice this means that the P5 cannot be sanctioned by the Security Council if they break those rules. That is why the council did not produce a single resolution on the war in Vietnam. The positions of the P5 explain why the council reacts very different to the Iraqi assault on Iran (1980) then to the Iraqi assault on Kuwait (1990). Of the 14 vetoes of the last 10 years, the US accounted for eleven of them. Ten of them concerned the Palestinian-Israeli conflict. In one way or another it means that the US shields Israel against a harder world policy. The question is of course whether this produces in the end more security or insecurity.

The IMF is another example of biased power. It has power on developing countries that need its money or its stamp of approval. For those countries it's not easy to ignore the policy prescriptions of the Fund. For the rich countries it is much easier to do so. The Fund has asked Belgium for many years to limit its unemployment fees in time but the government never bent to this pressure. In practice the IMF has worked as a turbo on the workings of the WTO, but only for developing countries that need it.

This power comparison learns as two things. First, the WTO is in fact the only institution with real power on the rich countries. That being said, it is easier for rich countries to ignore WTO-sanctions, that is to undergo them while sticking to WTO-incompatible behaviour. A commercial sanction of 2 million dollars is peanuts for the EU but weighs heavily on the Benins of this world. Second, **there seems to be a hierarchy of values in the current globalisation. Commercial rules are defended with more power than social and ecological rules.** One can wonder whether this hierarchy is a priority of the people of the world. If, given a choice, would the people uphold this hierarchy? As a European I really wonder if Europeans would be glad with this hierarchy. All too often I hear farmers complain that they have to respect certain ecological rules while their competitors in say Brazil don't. All too often I hear industry workers complain that Chinese workers cannot form freely trade unions and because of this have to accept very low salaries that are outcompeting the rest of the world.

This points already to the second conclusion: **the more powerful organisations are, the less democratic they are (as regards power distribution and accountability towards the really existing democracies).** The IMF and, to a lesser degree, the Worldbank are worst of all, even though there has been some change and more of it might be in the offing. Not only are the positions of countries in the Board of Directors of both institutions 'secret' for at least ten years, the power distribution in these institutions is very unequal. Rich countries, with a sixth of world's population, have more than 60% of the votes. And power is also very asymmetric since it are the developing countries that have only a small voting power that are most dependent on the IMF, while the rich countries that have the power, don't need it. That's why it has worked like turbo on the liberalisation agenda of the WTO, but for developing countries only.

As regards the link with the national democracies, there is something strange about the IMF and the Worldbank. Everybody agrees these are very 'American' institutions in that they defend an economic worldview that is much closer to the US-model than to the European model. An example: in the annual country reports (so-called article IV consultations) the IMF always reserves a very critical chapter for the labour markets of Belgium, France or the Netherlands, while the US labour market isn't even mentioned. Does that mean that the US labour market that 'produces' millions of working poor is considered to be the ideal? That is strange because the EU-15 has 29% of the vote, and the US 17%. It begs the question whether

the Europeans are defending the European social model with a high level of redistribution of wealth to finance good public services. Because of the yawning lack of transparency, it's not easy to prove this.

The very few Belgian 'positions' I got hold of, did not seem in line with the EU model. The Belgian group was critical of minimum wages and rather positive about totally privatised pension systems. This is not as unimportant as it seems because Belgium has more votes in the IMF than India. Since Belgium represents a number of East and Central-European countries and Turkey, the Belgian Executive Director speaks on behalf of 5% of the votes. Only the US, Germany and Japan have more votes.

It makes one wonder who is responsible for those positions. In a country like Belgium both the IMF and the Worldbank remain very much the terrain of the ministry of Finance and the Central Bank, even though these institutions have become more and more development organisations. For this reason some countries have 'given' the Worldbank to the ministry of development, but others haven't.

I researched at random some 'Belgian' pre-1994-positions that had already become public and it showed the Belgian representatives pleading to limit the access to unemployment money in Slovakia in order to depress real wages. That is the kind of reasoning Belgian politicians cannot apply at home on Belgian unemployed people but behind the screen of secrecy of the IMF Belgian representatives can easily accommodate to the IMF-culture.

So even though there's a lack of transparency on the Belgian (European) positions in both institutions – especially the IMF – it makes you wonder whether these Belgian (European) positions in the IMF are really in line with the gut feeling of Belgians (Europeans)? We could ask the same question for every country. Bert Koenders, one of the few Dutch parliamentarians (in the meantime minister for development cooperation) really following the IMF and the Worldbank, and the driving force behind the Parliamentary Network on the Worldbank (PNOWB) admitted that these country reports are not neutral assessments but very much start from certain ideological positions and "it would be very good if these positions were spelled out so that we could have an open discussion about them."

Certainly for the Worldbank there has been some opening up. Ngo's have learned how to follow the organisation better and feed parliamentarians with the information that helps them to ask the right questions. Still, that is a far cry from a systematic parliamentary control. The US Congress is the one parliament in the world that has proved in the past it can really influence the positions of the US-representatives in the Board of Directors, and – because of the big voting weight of the US – also change the Worldbank.

The Security Council is undemocratic when it comes to power distribution because of the P5 with their veto – countries like France or the UK with barely 1% of world population have the power to block world opinion, the EU usually occupies one third of the council's seats - but at least it is possible to know who has vetoed what and why. So transparency is better than at the IMF. The positions of countries in the Council are very much the domain of the ministry of foreign affairs, but because of the greater transparency parliament and public opinion cannot be so easily ignored. The Council also developed some procedures to exchange information with leading ngo's, both at national and international level.

The WTO is a special case because it seems to be changing. Up until the last world trade agreement of 1994 it was fair to say that the US and the EU could weigh very heavily on the kind of agreements the WTO or its predecessor GATT produced. Even though every country had a vote, in practice the EU and the US were able to dominate the negotiations because they knew the house, the language, ... This has now changed. Developing countries have learned how to play the game, they work together much better, the weakest countries received

money from the rich countries to build up their negotiation capacities, ngo's of all kind play a role in the whole process, parliamentarians are at least more aware of the importance of the WTO... There are many reasons for this change: the WTO-agreement of 1994 was by far the most comprehensive in history – not only about industrial goods but also about services, agriculture and IER – so developing countries found out the hard way that is dangerous not to have good negotiators. Moreover the number of developing countries has risen steadily and the times when the membership was very much Western dominated have gone by. So, the WTO is democratising. Still, the fact that sanctions are commercial is to a certain extent unfair – undemocratic – towards the weaker developing countries. It is no coincidence that not a single subsaharan African country has filed a complaint in the WTO. Not only do they consider the cost of WTO-cases too high, they also feel that they have nothing to win by commercial sanctions. That is why the Africans didn't feel inclined to take the cotton case to the Dispute Settlement Body of the WTO and preferred a political solution.

Transparency and democratic accountability of the WTO are bad, according to Belgian parliamentarians. MEP's told us: 'The WTO is a Ferrari, the Belgian parliament is a bicycle. We cannot really follow this organisation. When we voted the agreement of 1994 we did not even realise 10% of the consequences.' Understandably so, the agreement was 26000 pages long and the Belgian parliament had, three hours to discuss the matter. Still, the vote of all national parliaments of the EU-members was necessary because the European court decided half november 2004 that national parliaments had to vote on the World Trade Agreement because services, and intellectual property rights were new matters for GATT-WTO and the EU had not yet received the authority to act on behalf of the member states for these matters. The problem was that the national parliaments had until end of 2004 – six weeks – to vote (on) the agreement. 'In fact the choice was between yes and yes. We could not really say no after 12 years of negotiations,' said Herman Vanrompuy, a senior parliamentarian and former vice-prime minister.

Though transparency at the WTO has improved a little - under pressure of civil society's contestation of the WTO - it's still not easy to know how a country like Belgium or the Netherlands influences the European positions in the endless WTO-negotiation process (1200 meetings a year). Obviously the European Commission is very dominant towards the national delegations while the European Parliament has no formal influence over the EU-positions during the negotiations. That would have changed if the European draft constitution would have been accepted. Whatever the role of different lobbies during the process, in the end big business seems to have a big influence on the European positions. We reached that conclusion because business organisations admitted they had good access to officials, but mainly through the observation that EU-positions are almost identical with the desiderata of European big business. An example. If you ask European business organisations what they think of the 5 fundamental ILO-conventions and world trade, they answer they are very much in favor of the 5 labour norms but that defending these norms should not come at the expense of new trade agreements. That is more or less the line the EU is following in that regard. New research has learned that the EU did not even have a unified position when the issue of the social clause was really hot at the WTO, in 1996 and 1997. The UK and Germany still had conservative governments. That made a European consensus in favor of the social clause impossible. But even later on, when there was a consensus, the EU didn't put up a big fight. True, developing countries are against the social clause, but they were equally opposed to the Singapore issues. Still, the EU has been fighting 2.5 years longer for the Singapore issues than for the inclusion of some minimal social standards in the world economy. One can wonder if the European population would agree with this preference. Another example. China became member of the WTO in 2001. Europe could have said that freedom of association was a condition for China to become member of the WTO. It didn't. The US was braver in mentioning human rights

during the accession negotiations then the EU. Again, one can only wonder whether the European population would not have wanted its representatives to ask respect for some minimal social standards before China could become member of the world economy. After all, now workers in the EU discover what formidable competitive pressure comes from China (where workers rights that do exist in the Chinese labour laws are not implemented). They are now finding out the hard way that the slogan 'globalisation is good for everyone' from the beginning of the nineties is currently being adapted to reality. Even the Anglosaxon business press now says that labour incomes will be under pressure for the next thirty years, while profits will rise. And the reason is that through the absorption of China and India in world capitalism the number of workers has doubled, while the amount of capital barely rose. Wouldn't the workers of Europe have preferred that their representatives thought of this reality before they admitted China into the WTO? It is a clear indication of the lack of democratic accountability of WTO-decisions that the topic was not even discussed at the time of the Chinese accession talks that lasted several years. But if this problem is real for Europe, what to think of other countries?

Our research learned us that the 'weaker' organisations are more democratic. One country, one vote is very much the standard in MEA's, the ILO, and the UN-organisations other than the Security Council.

Environmental governance probably scores the best when it comes to accountability. Environmental ngo's all told us they knew what the positions of their governments were during negotiations, and that in some cases they could influence the national positions. Probably this has to do with the fact that historically the environment problem was put on the agenda by ngo's. A lot of the officials working on the environmental governance used to work for ngo's. So for them it is quite normal to consult with their 'successors'. Employers organisations feel less at ease in this sphere of global governance.

The ILO is more transparent and accountable by definition: employers and workers organisations each have one forth of the seats in the governing structures of the ILO. That makes it almost impossible to keep something secret. It means also that government positions are made in consultation with the national trade unions and employers organisations. Most meetings of the ILO are public. ILO-officials told us that the ngo's – trade unions and employers organisations – are the eyes of the ILO, in that they feed the organisation with the necessary information to assess whether the ILO-conventions are really implemented.

At the UN transparency of the formal processes is great at the General Assembly and the ECOSOC. That last one has also most experience with the consultation of ngo's. Still, there are some UN-organisations where ngo's of all kinds have to play an indispensable role. The Commission for Sustainable Development brings members of all nine so-called major groups together four weeks a year to discuss in an open manner what sustainable development means in energy, water or forests,... depending on the topic being discussed that year. The discussions are rather frank. One official called it the Woodstock of the UN indicating it rocks, it is very much alive.

The Human Rights Commission – now replaced by the Human Rights Council - and the different Human Rights Committees that follow-up the implementation of the different Human Rights Conventions also couldn't function the way they do without the ngo's. Ngo's regularly deliver information that governments conceal in their periodic reporting on Human Rights Conventions, that's the reason why the commission and the committees could not work nearly as efficient as they do work without them.

In general we found out that national parliaments in Belgium and Holland – so the people we elect – have great problems to follow international institutions. Individual parliamentarians that really concentrate on international governance risk not having any media exposure and hence not standing a chance of being reelected. A clear example of this is Bert Koenders, a Dutch parliamentarian who played a leading role in the creation of the Parliamentary Network on the Worldbank(PNOWB), an international network of parliamentarians who specialise on the Worldbank. Koenders admitted that even after three years not a single media article had been written about the PNOWB. The US Congress is the big exception, one reason being that congress members there have several people working for them, making it possible to diversify the attention of the representative or senator. One wonders how the situation is in developing countries.

Even national governments have trouble following the growing number of institutions of global governance. It tends to be one ministry and inside that ministry a few specialists who call the shots. In those circumstances it is difficult to have a coherent national position in the different global institutions. For that reason Belgium has developed a coordination organ at the Foreign Office. The IFI's and the WTO have managed to steer clear of this organ. That helps to explain why global governance lacks coherence – worse even: sometimes MEA's and the WTO or the ILO and IMF have contradictory objectives.

**The fact that the traditional national democratic organs have some difficulty in following up global institutions, has created some democratic vacuum that ngo's of all kinds have tended to fill.** It helps to explain the rise of the movement for an alternative globalisation. Ngo's do have the people to specialise in one or two international organisations. Moreover, they work in international networks that enable them to distribute, bring together, and process information with a speed national governments, let alone national parliaments very often cannot match. These ngo-networks help the traditional organs to fulfill their role of controller of the government. 'Ngo's help us to ask sensible questions to our representatives in the WTO or the Worldbank', MEP's told us. Still, ngo's are not completely dependent of these traditional institutions, they can also work 'through the street and public opinion'.

.3 The third and last big conclusion is that **the US is, among the big countries, the one that ratifies the smallest number of international conventions on labour, human rights and the environment.** The US only ratified 8 of the 25 most important conventions in this field. Compare for instance with China that ratified 18 of the 25.

If global governance and global democracy implies the building of the rule of law on the international level then the US is the one big country opposing this. That is in contradiction with the country's proclaimed aim to spread democracy over the planet. The EU is the international actor that ratifies most conventions, and also plays a leading role in financing them. So on this very important issue, the US and the EU are on the two extremes of the continuum and it makes one wonder why this difference is not more often openly discussed.

The US had difficulty in accepting the freedom of speech on the international level and very often applies all kinds of pressure to bully countries into compliance with its view. That too is not very much in line with its proclaimed quest for democracy.

In most institutions (IMF, SC), the US has a veto on all decisions that might limit its freedom. The WTO-panel, not the negotiation process where consensus is needed, is the one exception although of the few cases still pending, the US is almost always implied. Given this powerful

position in the global governance, it touches the credibility of global governance if the US tends to ignore global rules whenever its freedom is limited because of global rules.

This attitude of the world's superpower is a threat to the development of credible institutions of global governance, and to the democratisation of these institutions. Institutions need the support of the societies they try to steer, that is also true for global institutions. The whole network of global governance can crumble if its legitimacy disappears.

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