

Globalization and Global Governance in 2020: Our Vision on International Organizations in 2020

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I. Globalization and Global Governance

1. The Challenge of Global Issues and the need for global governance

Since 1980s, economic globalization has been gaining momentum. More and more countries have integrated themselves into the world market in order to gain more welfare and interests, no matter willingly or reluctantly. Interdependence among nations all over the world has reached to an unprecedented level. One country's domestic policy making is increasingly constrained or influenced by external and international situations and vice versa. More and more domestic social and economic issues emerged with international impacts. So national governments can no longer overlook the international impacts and background when they deal with domestic social, economic and even political issues. They need international cooperation and coordination to solved domestic problems with international source and backgrounds. Sometimes, a national government will seek international coordination only for more efficient results of its domestic policy because of increasing interdependence.

At the same time, globalization brought numerous challenges in today's world with many worldwide-sc

issues are the issues not only faced by individual country, but by many and the world as a whole. The feature of these issues lies in the indivisibility of the issues, for example, transborder pollution and crimes. The damaged result of these issues is impossible to be contained and divided by the border. All these global issues call for international cooperation and coordination. As these global issues become worse and more serious, the need for international cooperation will be increasing.

The global issues can be mainly categorized into three kinds: the first, political and security issues such as nuclear weapon spreads and international terrorism; the second, economic issues such as energy shortage, financial crisis and poverty relief; the third environmental issues such as pollution and global warming. All of above mentioned issues need international efforts to deal with. However, in the first category, the question is mainly to strengthen the international cooperation among nations through negotiations and common actions. It is not yet a matter of global governance as the political sensitivity and state sovereignty usually involves in this regard. Differences among nations usually are more than consensuses if politics and state sovereignty are involved. Although international organization plays a role in dealing with these issues, for example, the United Nations, especially the UN Security Council is the principal body in dealing with international political and security issues, common interests are mainly reached through negotiations and compromise among conflicting parties and nations. The international

solution. We believe that to continuously promote the North and South Dialogue is important in establishing an effective and workable mechanism of world governance.

II. Reform Vision of main International Organizations in 2020

1. International Organizations: an overview of inevitable reform

As we mentioned already that the world governance should be embodied in the work of international organizations but not a few countries' privilege. To meet the challenge of global issues, we need to enhance the whole architecture and the function of international organizations. Many scholars in international politics tried to define the words of international institution, international regime and international organization. (Hidemi Suganami, 1983; Friderich Kratochwil and John Ruggie, 1989; Andreas Hsenclever, Peter Mayer and Volker Rittberger, 1993) To us, international institutions, international system and international regime are similar and they are a set of rules and regulations set forth by participating countries through negotiation and agreement. The international organizations are

current account convertibility has been almost universally achieved, although some of the IMF members still remain under the transitional provisions of Article . Under this circumstance, IMF should shift its focus of adjustment to preventing financial crisis in order to maintain international financial stability. But it failed to fit itself to the new situation. It still adhered to the free payment purpose. It not only encouraged free payment towards the capital account, but also tries to make the capital account convertibility as the obligation of the IMF members. In September 1997, at its Hong Kong Meeting, the Interim Committee of the IMF “agree that the Fund’s Article should be amended to make the promotion of capital account liberalization a specific purpose of the Fund and to give the Fund appropriate jurisdiction over capital movement.” That is, it agreed to introduce what is known “capital account convertibility” as a part of the obligations of the IMF members (see Peter Lloyd, 1998). Only the spread over of Asia financial crisis stopped this trend and aroused the doubts about free capital movement.

After Asia financial crisis, many crisis hit Asian countries attributed their crises to capital mobility, particularly the short-term capital free movement. Some countries such as Malaysia and Pakistan even have reintroduced capital control. Many western economists also reconsider the effects of freedom of capital movement and supported view of negative effects (Bhagwati, 1998; Cooper, 1998 and Rodrik, 1998) Some even supported the capital control measures employed by developing countries (Simone and Sorsa, 1999; Stiglitz, 1999 and Ito and Edwards, 1999). All these show that the main purpose of the IMF is no longer suitable to the present situation. As a result, the Interim Committee of the IMF has backed away from the proposal and appeal for surveillance on short-term capital float has arisen.

In fact, not only the main purpose of the IMF is to blame, but also the whole arrangement of current international monetary system is responsible for the frequent breakout of financial crises in 1990s. Exchange rate arrangement is one of such. After amendments in 1978, the IMF gave up the surveillance on exchange regime. Members can adopt whatever exchange regime they think is suitable to them. So all kind of floating and pegging emerged. Distortions of exchange rates among currencies become a common phenomenon, which are the seeds of potential currency crisis. Many scholars blamed the developing countries’ exchange policy as the main factor for currency crisis. However, we believe that under current international situation, it would be impossible for a small open developing country to practice a flexible exchange regime without distortion. If a small open economy adopted a totally flexible exchange rate regime, the exchange rate of its currency would be fluctuating all the time and the currency would eventually lose its credibility. Money substitution would occur, usually in the form of dollarization. If it pegged its currency to the dollar, it would be bound to be rigid and distortion of exchange rate is unavoidable. This kind of dilemma is brought by the disorder of current system. P

comparative funding ability is small. The quota to members'GDP ratio is only one third as compared with that in 1945. If the Fund would allocate quota according to the criteria at that time, the present volume of the quota would be five times lager and would be nine times larger if measured according to trade volume. This means the IMF lending ability is comparatively decreased.

Some scholars also criticized the conditionality of the IMF loans because the conventional conditionality usually will worsen the economic situation as the contraction policy improves balance of payments while deepen and prolong the recession. Many Asian countries complained about the IMF's rigid policy. Eichengreen pointed out that the IMF should not only make more loans, but also should remove its lending conditions. He thought that the IMF's lending condition is not transparent and usually arbitrary. Strict restriction would make many countries refuse to accept IMF's loan.

We support the view points put forward by above mentioned economist and hold the view that IMF should be strengthened not only by enlarging its quotas, but rather be given the surveillis not tr9 .98 n208 0 0 10

work of the IMF. If the IMF establishes a kind of formal working relationship with the IBS and shares their comparative advantages, the surveillance of financial market will and debt relief will be greatly improved. The IMF has the advantage of its lending facility resources, which are critical to debt relief and bailouts, but it lacks experience in surveillance. While the IBS has the experience and expertise in banking and financial market supervisions but has limited lending resources. Cooperation and coordination between them is badly needed and a kind of mechanism to insure the cooperation should be established.

The IMF should also work closely with International Organization of Securities Commissions (IOSCO) in international financial market supervision. IMF may create a liaison section in charge of coordination with all other international financial organizations. The IOSCO is an international organization for securities regulators and was found in early 1970s and now its membership comprises regulatory bodies from 91 countries, who have day to day responsibility for securities regulation and administration of securities laws. The main objectives of the IOSCO are: “ to cooperate together to promote high standard regulation in order to maintain just efficient and sound markets; to exchange information on their respective experiences in order to promote the development of domestic market; to unite their efforts to establish standards and an effective surveillance of international securities transactions; and to provide mutual assistance to promote the integrity of the market by a rigorous standards and by effective enforcement against offenses”. The IOSCO also holds international conference on securities supervision every year and issues resolution as the code for securities supervision. As international securities transactions become more and more important in financial activities, the IOSCO is paying an increasing important role in surveillance on financial markets. If the IMF is going to be international supervisor for capital movements, it needs the IOSCO’s expertise an

- to assist governments, upon request, in strengthening health services;
- to establish and maintain such administrative and technical services as may be required, including epidemiological and statistical services;
- to provide information, counsel, and assistance in the field of health;
- to stimulate the eradication of epidemic, endemic, and other diseases;
- to promote improved nutrition, housing, sanitation, working conditions, and other aspects of environmental hygiene;
- to promote cooperation among scientific and professional groups which contribute to the enhancement of health;
- to propose international conventions and agreements on health matters;
- to promote and conduct research

prohibit the clone of human creature. But we need an international convention on all these matters. WHO should take initiatives and work with all countries' health authorities to adopt similar legal actions. There should be an international agreement on genetic engineering and clone matters. WHO has the responsibility to make the proposal to the UN and its member countries.

4. Food security and the FAO

Although we are living in a world with increasing wealth and the living standard is continuously rising, poverty and hunger still exist in many developing countries. Secured provision of enough food for all people still remains a serious problem. According to the statistics provided by the Food and Agriculture Organization (FAO), there were more than 80 low-income countries are short of food, 31 of them were facing food crisis. Altogether there were more than 800 million people suffering from hunger and lack of nutrition, among them there were 200 million children under age of 5 years old. It was in this background that the FAO organized a World Summit Conference of Food Security in November 13-17 in Rome. The Summit Conference passed two documents, Rome Declaration for Food Security and the Action Programme of the World Food Summit Conference. Its aim was to reduce by half of 800 million who lack nutrition. Since then food security become a hot topic in the international society.

The FAO is the principal international organization active in pursuing food security. It was established in 1945 when 44 governments indicated their acceptance of the constitution. It is one of the specialize agency of the UN. At present the FAO has 175 members. Its purposes are defined as: "to promote the common welfare by furthering separate and collective action---for the purposes of raising levels of nutrition and standards of living of the peoples under their retuti0004 Tc 10.98 0 0 10.23

be jointly appointed by UN Secretary General and the FAO Director general. Its main task is to provide food aid to low income, food-deficit countries, to assist in the implementation of economic and social development projects and to meet relief needs of victims of natural and other disasters. Besides its food aid activities, many of its operations overlap with the FAO. We suggest that all issues concerning food and agriculture within the UN be governed by the FAO and WFP be made independent from ECOSOC and become a subordinated body under the FAO. We think this will enhance the efficiency of WFP and add credibility to the FAO.

5. Environmental protection and possible establishment of the World Environmental Organization (WEO)

As we are facing more and more issues of environmental deterioration: air and water pollution,

In April 1987, the UN held the first Conference for Environment and Development, in which issued the report of Our Common Future. It was in this report that the concept of sustainable development was first formally raised and defined. Since then, people and governments in all countries have paid increasing attention to the issue of environment protection. In June 1992, another UN Conference for Environment and Development was held in Rio. This conference passed five documents concerning environmental protection and appealed to member states for implementation of the policy of sustainable development. In order to further implement the agenda set in Rio Conference, the Economic and Social Council of the UN (UN-ECOSOC) established the Commission on Sustainable Development (CSD) in 1993. Since then many efforts have been made within the UN system in promoting sustainable development.

At present, almost every country in the world has enacted relevant laws on environmental protection. In developed countries, Eco-agriculture and Eco-industry have been put to important position in economic development. A new industry, environmental protecting industry become a sun-rising industry. Strict regulations on pollution such as control of waste water, carbon dioxide and other wastes discards; control of pesticide and other poisonous elements. Developing countries also adopted many similar legal framework and measures in protecting their environment. Many countries prohibited the hunting of precious species and the felling of their forests. Some also passed laws on waste discards and pollution punishment.

China adopted the concept of sustainable development in early 1990s was put to the document of Agenda of 21st Century issued by the State Council. Many laws concerning environmental protection have been passed since then. The Bureau of environmental protection in the government at each level is the most fast growing government department during 1990s. Recently, large-scale forest rehabilitation in the west is underway. Green plantation projects can be seen in many cities. Many pollution-produced factories have been shut down and some of them were forced by law to change to less polluted method of protection or engaged in waste processing project. Environmental protection and sustainable development have never been so attached importance to by the people and the government. However, as we mentioned earlier, environmental issue is closely related to economic development level of a country. Usually a low income developing countries has more serious environmental pollution and ha

and fairness in cost sharing in environmental protection still remain as a question.

The United Nations has made many efforts to promote th

issues. It will be very difficult to establish a special international body to “govern” it. So we think it is also a political matter.

We think that the UN is a ready organization to embody increasing international political cooperation. Any disrespectful action towards the UN or any intention to make replacement by any other organization and international mechanism is in vain. History of more than half century after the Second World War has proved that in most cases, the UN system is useful and effective. This system should be strengthened and be made full use of, but not weakened and sabotaged. Clubs of big countries or industrial countries, such as Group Eight and OECD should work as supplement to the UN, but not substitute of the functions of the UN. Our vision on the UN in 2020 is optimistic. The UN will still be playing an important role in international relations, if not more.

As we mentioned earlier, economic and social issues are increasingly related with political factors nowadays, there should be an international body to coordinate these aspects. Vested with the function of promoting the economic and social progress and development under General Assembly, the UN-ECOSOC is a ready organization. We suggest that the UN-ECOSOC establish a sub-committee of global challenges. This committee should discuss all crucial issues facing us in the process of globalization and hold a conference every year to draw attention from member countries' government and make suggestions to UN-ECOSOC and to UN Assembly. It should also have mandate power to present the issue to IMF, FAO, WTO and to the forthcoming WEO and work together with them to find the solution.

IV. Conclusions

We are aware that Globalization brought numerous challenges in today's world, most of them are worldwide scaled and impossible to be solved by individual countries. We believe

The IMF should be strengthened not only by enlarging its quotas, but rather be given more supervisory functions of international short-term capital movements. Its main task should be shifted to supervising international financial markets and giving the warning when it thinks necessary. The reason is that when the majority members realized convertibility in current account and free capital movement become an inevitable trend, it is no longer important for the IMF to pursue the main aim of promoting free and multilateral system of payments and eliminating of foreign exchange restrictions. It should work together with the World Bank in financial crisis resolution. As IMF is mainly participated by member countries' central banks, it should cooperate with IBS and act as an International Regulator of Hedge Funds and the international lender of last resort. It should also work closely with the IOSCO in international financial market supervision. IMF may create a liaison section in charge of coordination with all other international financial organizations. If possible, combine the IMF, the IBS and even the IOSCO. Let it become a supreme international financial supervisory body.

The WHO should be given more resources to deal with infectious disease's and AIDs problems. It should work more closely with UN-ECOSOC and coordinate all programs concerning international health issues. It should work more vigorously with member countries and NGOs in seeking solution on AIDs and other fatal diseases.

FAO is active in pursuing food security. It will still be a main organization in agriculture and food products in the future. Its relation with the UN and especially with the WFP should be made simpler. We suggest that all issues concerning food and agriculture within the UN be governed by FAO and the WFP be made independent from ECOSOC and become a subordinated body under FAO.

Establish a new organization, the World Environmental Organization (WEO), to take the charge of governance and coordination of environment protection issues among nations. The UNEP should be combined with the WEO as the former lacks mandatory power. The WEO can initiate negotiations among member countries and draw international convention on environmental protection and sustainable development issues just as the WTO does in trade area. It should also be an international provider of technology and financial help of environmental protection, so the UNEP can be responsible for this task under the WEO. All environmental issues, including natural resource depletion, pollution, global warming should be discussed and overseen in the WEO.

The economic and social issues are increasingly related with political factors nowadays. Effective global governance of all the global issues cannot be really achieved without a good international political cooperation among all countries. But political cooperation can only be achieved among national governments under the base of mutual respect for the indignity of sovereignty.

Politics related issues such as nuclear control and transnational crime, should be solved through governmental negotiation and cooperation. They are difficult to be "govern" by an international organization.

UN-ECOSOC is a ready organization to deal with both economic and political related issues. We suggest that the UN-ECOSOC establish a sub-committee of global challenges and play a more active role.

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