

Presentation by the Honourable Paul Martin, August 28, 2001
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Centre for Global Studies, University of Victoria

I want to thank Gordon Smith for the opportunity to speak to you via the medium of video.

It is a great pleasure to do so – though, frankly, I would much rather be with you, to join in what promises to be stimulating and productive discussions.

Let me say, at the outset, that Gordon and Barry {Carin} are to be commended for their foresight in bringing you together.

The challenges that will confront the international community in twenty years and the governance structures that will be needed to successfully respond to them concern me as an individual personally, as Canadian Finance Minister, but also quite clearly as the chair of the G-20 and as the next chair of the G-7 finance ministers' process.

exercise is timely and important.

In Seattle, Quebec, and just last month in Genoa, we saw outpourings of protest against international institutions, global poverty, and a host of other ills – all united under the banner of the fight against globalization.

To put it bluntly: few issues have this power to mobilize thousands to march in the streets of North America, Europe and Asia.

And, while the protests reflect a range of views, most protesters seem to be motivated by a very basic fear that globalization – the increasingly rapid advancement of technological innovation and economic integration - will entail changes to the social, economic and political fabric of society.

They fear that globalization would benefit a few and harm many.
They fear technological advances over which individuals, groups and governments have no control.

These fears are not without grounds. However, your participation in the 2020 visioning exercise suggests that you believe, as do I, that we can ensure that globalization works for people.

Globalization has the capacity to create great wealth.

The problem is that this prosperity is not shared equitably.

It is simply unacceptable that today, at the threshold of a new century, there are huge pockets of poverty and suffering in which millions live in conditions scarcely different from 100, 200 or 300 years ago.

Addressing this shameful situation and offering all people, wherever they live around the globe, the promise of a better future must be the fundamental imperative that guides the efforts of the international community.

Any government that is responsible and accountable to its citizens will provide the public goods, health and education, for instance, necessary to support economic growth and development.

This should not be controversial even in the strictest economic terms. After all, what we are talking about here is creating the governance needed to ensure that markets work in society's interest.

Successful national economies have a range of supporting legal, economic and social institutions that correct market failures so that Adam Smith's "invisible hand" operates to promote some minimum level of equitable income distribution.

Why is the same not required in the international community?

Addressing the challenges of globalization, therefore, requires that we have the foresight to put in place the necessary governance arrangements at both the national and international level.

The simple fact is that governments, individually and collectively, can either shape globalization – making it work for people – or be shaped by it.

While we have made a start at institution building at the international level over the past 50 years, the problems associated with globalization have revealed weaknesses and gaps in our existing institutions.

The challenge for the international community, therefore, is to co-operate in building the governance needed to effectively manage globalization.

Make no mistake. I'm not advocating some nebulous notion of world governmee

What do we think of the global community's current efforts to address the spread of HIV/Aids? And, in the economic sphere, do we think that coordinated international action is essential for effective regulation of the financial sector, of competition, for bankruptcy work-outs, or taxation.

This is some of the "what" of global governance.

The second question is *how* should we govern ourselves at the international level.

The "bricks and mortar" model that guided post-war efforts to build global governance through the IMF and World Bank has served us well.

But this model may not be the only way to deal with the complex and politically sensitive issues that we will have to deal with in the future.

For example, there is absolutely no doubt that global action is required on the environment. There are differing views, however, as to how we can best respond to the environmental challenge through a new global environmental organization, or through multilateral agreements at the government-to-government level?

In the economic sphere, the failed merger between GE and Honeywell demonstrates that we do not yet have globally compatible standards for effective regulation of competition. But, again, we must ask ourselves how we might best pursue these goals --through a supranational competition authority, or through

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framework and financial sector supervision, and implementing complex international trade rules, impose significant costs on developing countries. And where resources are limited, this may mean fewer resources for th