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Shaping a Globalized World
| Bertelsmann Stiftung

Abstract

According to Carlos Pascual, short- and long-term issues of globalization cannot be considered independently from one another. Rather, the biggest challenge for transnational governance lies in the scale of the global agenda and the complexity and interconnectedness of individual issues. The degree to which the global community will succeed in managing essential problems—the war in Afghanistan and its consequences for terrorism or climate change and job loss—will depend on its ability to avoid treating them in isolation. In the following expert report, Carlos Pascual calls for a redefinition of global responsibilities in order to tackle the essential challenges of a globalized world.

About the author

Carlos Pascual is Vice President and Director of the Foreign Policy Studies Program (FPS) at the Brookings Institution. Mr. Pascual directs the FPS program and its centers based on four strategic priorities: relations with world powers, war and peace, countering transnational threats, and reshaping global and US institutions. FPS is the largest research program at Brookings with centers on China, Northeast Asia, the Middle East, and Europe. Mr. Pascual joined Brookings in 2006 after a 23 year career in the United States Department of State, National Security Council (NSC), and the United States Agency for International Development (USAID). Mr. Pascual served as Coordinator for Reconstruction and Stabilization at the US Department of State, where he led and organized US government planning to help stabilize and reconstruct societies in transition from conflict or civil strife. Prior to that, he was Coordinator for US Assistance to Europe and Eurasia (2003), where he oversaw regional and country assistance strategies to promote market-oriented and democratic states. From October 2000 until August 2003, Mr. Pascual served as US Ambassador to Ukraine. From July 1998 to January 2000, Mr. Pascual served as Special Assistant to the President and NSC Senior Director for Russia, Ukraine and Eurasia, and from 1995 to 1998 as Director for the same region. From 1983 to 1995, Mr. Pascual worked for USAID in Sudan, South Africa, and Mozambique and as Deputy Assistant Administrator for Europe and Eurasia.

Preface

Globalization is a driver of social change around the world. Its implications need to be managed politically. At the Bertelsmann Stiftung, we want to think deeper about the political agenda of a globalized world, about strategies for action and modes of governance. To this aim, we have developed the project “Shaping a Globalized World”. The project seeks to elaborate ideas and suggestions on how globalization can be managed politically and to incorporate these ideas into an international debate. The project is meant to be a pathfinder and an advisor to policymakers and the public. Its purpose is to spur participants to think more deeply about the political agenda of a globalized world, about strategies for action and modes of governance.

“Shaping a Globalized World” attempts to examine global governance issues inclusively and equitably. Much of the debate on globalization and global governance up to now has been defined in primarily Western terms. The Bertelsmann Stiftung is convinced that this imbalance must change. We cannot manage the new challenges of a globalized world without integrating the perspectives of emerging powers in Asia, Latin America and Africa.

Against this background, our first step has been to reflect upon and to discuss the issues and priorities of the emerging global agenda. This was the focal point of the third Global Policy Council Meeting (GPC) on March 12 - 13, 2009 in Berlin. The GPC, which the Bertelsmann Stiftung created in 2006, is a brainstorming meeting of leading global affairs thinkers. The 2009 GPC aimed to identify and discuss the components of a truly global agenda and to develop a fresh approach to global governance that is more holistic and more inclusive than previous efforts.

In preparing for the conference, the project team had invited think tank representatives from all continents to reflect and comment on the essential challenges of the globalized world from the perspective of their particular country or region and on the longer term preferences of its political elites. Each think tank was asked to answer the following five questions:

1. What are the essential issues/problems/challenges of the globalized world that require a political response and action? Please differentiate internal/external response and short-term, medium-term and long-term issues.
2. Which important interests of your country/region are promoted by globalization, which are currently neglected or frustrated in the process of globalization?
3. What are the preferred instruments of managing a globalized world? What role for structured multilateralism (such as UN), what role for structured regionalism (such as EU or ASEAN)?
4. Should governance of a globalized world be based on general or universal principles? If so, which ones?
5. Who should lead the process of building transnational governance?

This paper is a result of this query. The contributions received from all around the world together exemplify the extent to which perceptions on globalization vary, its positive and negative effects are unequally distributed and challenges and opportunities differ depending on one's vantage point. Finding a common global agenda evidently becomes a more difficult task within that context,

as it not only is an exercise which consists of *defining* a number of items. Rather, a truly global agenda must be concerned with reconciling interests, understanding all actors as having an equal footing (perhaps for the first time in history), and pursuing the global good.

How difficult this is has become apparent throughout last year: 2008 has been a year of crisis. Extreme food insecurity due to a plethora of reasons, soaring oil prices and the ever more urgent need for climate protection as well as a financial and economic crisis of dimensions unexpected just some months ago underline the need for global concertation and cooperation in an impressive manner. Yet, the way in which all these developments unfolded also illustrates the tremendous difficulties encountered when trying to provide global answers to global crises.

At the Bertelsmann Stiftung, we are nevertheless convinced that there is no alternative to managing globalization politically. For this reason, we decided to meet the challenge and engage in the debate on global governance with this very project these papers are a part of. In times of rapid change worldwide, such a debate is more relevant than ever.

Josef Janning
Guetersloh, March 2009

1. What are the essential issues/problems/challenges of the globalized world that require a political response and action? Please differentiate internal/external response and short-term, medium-term, and long-term issues.

Day-to-day politics and a globalized world have become inextricably intertwined. The global economic recession has made clear that disease in the country with the world’s strongest financial system can lead to the collapse of capital markets in Europe, Russia and the Gulf. The threat of state failure in Afghanistan and its links to terror in Pakistan could undermine the global credibility of the United Nations, NATO and the United States to deal with terror. In China and India, the global debate on climate change has become central to a national quest to sustain jobs and retain political credibility without destroying the environment. Globalization is not just an abstract concept. We must take into account the nature of the interconnected and interdependent world in which we live in the way nations approach short-term crises, major shifts in geopolitical power, and global existential challenges.

Figure 1 below illustrates the nature of the challenges that will confront President Barack Obama from the first day of his presidency. Conventional wisdom would say that he cannot confront such a complex agenda at once. Yet what issue is to be dropped? Short-term crises, if ignored, create new structural realities that make them more difficult to resolve. Ignore the evolving roles of China, India and Russia, and thus ignore the key actors needed to address both short-term crises and global structural challenges. Defer the major global challenges of our time, and not only will that exacerbate some short-term crises – such as conflicts over land and water and regional competition over energy – but you also defer progress on acquiring the tools to prevent or resolve future crises.

Figure 1
The International Landscape
Day 1 of the Obama Presidency

CRISES	GEOPOLITICAL	GLOBAL
Iraq	China	Nuclear
Iran	India	Climate Change
Afghanistan	Africa	Terrorism
North Korea	Russia	Energy
Pakistan	Latin America	Peace and Conflict
Darfur	Turkey	Poverty and Financial Instability
	Trans-Atlantic	
	Asia-Pacific	

Thus, the first set of lessons in today's globalized world: the very scale of the agenda is as much of a challenge as the individual problem that lay before us. The breadth and complexity of the problems are inescapable. No nation can isolate itself from them. Any attempt to do so will result in being buffeted by the worst aspects of our global challenges without the capacity to manage the problems confronting us. No nation can solve such an agenda on its own. And that demands international cooperation. For the United States, this will mean redefining its understanding of leadership: not to dictate, but to mobilize others. For the rest of the world, it will mean taking up the challenge to lead in areas where other nations have the regional interest and capacity to do so. And especially for China and India, this global world will demand a degree of political engagement to find constructive solutions to which they are unaccustomed. If they want a stable international climate in which to prosper, they have to participate in creating it.

A second lesson is that short-term crises are not divorced from longer-term geopolitical and existential challenges. The war in Afghanistan will shape the perceptions of terrorists and potential insurgents of whether international powers can stand up to asymmetrical security challenges from renegade groups. Unlike states that generally must respond to citizen demands, terrorists and insurgents can base their strategies on disruption and dislocation, counting on time as their ally. Attempts to prevent Iran from acquiring a nuclear weapon may well shape the future of a global nuclear security regime. Successful negotiations may define the nature of a future regime and its provisions for nuclear fuel, reprocessing of spent fuel, inspections, testing and restrictions on the production of fissile material. A failure in these negotiations could render the current regime under the Nuclear Non-proliferation Treaty meaningless. Attempts to broker peace in the Middle East will determine whether Israel and the Arab states might unite in a wider cause to contain Iran's nuclear ambitions, and more constructively to forge a framework for peace and security in the Middle East that can change the zero sum dynamics of the region's politics.

None of these short-term crises can be tackled effectively without a shared perspective and cooperation between the United States and the EU, the two bodies that wield the vast majority of the world's economic and military power. The US-EU relationship will be defined not so much by the issues in Europe and the United States, but how they cooperate on the issues of the rest of the world. Russia is an indispensable player on all matters that have a nuclear dimension, from arms control to proliferation, particularly whether Russia chooses to restrain its weapons sales. China will factor centrally into negotiations on Iran given its commercial relations. For its own sake, Japan cannot afford to hide behind the mask of being a secondary political power with a strong economy – it must put its commercial relationships with Iran, China and India in the context of their implications for shaping global and regional systems of governance that promote accountability. And hence a third lesson: in a global world, orchestrating effective relations with all other major powers will determine our collective capacity to resolve short-term crises, as well as shape the global environment.

Books have been written on the pressing nature of the global and transnational problems of our time, and I indeed have just finished one.¹ Derived from these transnational realities, a fourth lesson is that long-term problems require immediate cooperation to shape behavior that does not make these problems worse. Economic prosperity is not just a long-term challenge, but an immediate crisis in the midst of a recession that is only starting to bite at the end of 2008 and will create more poverty across the world. In the industrialized and emerging economies, there is a risk that economic hardship will spark protectionism – the opposite of what is needed to grow out of this crisis. And that would only entrench further the poverty of the poorest states that cannot get access to global markets and capital. Climate change cannot be ignored because every year the energy investments we make contribute to the structural realities that will define our ability to control emissions over the coming decades. As the IPCC has underscored, global emissions need to peak in 2015 in order to create a viable path for emission reductions through 2050 that avoids massive flooding, drought, and disease with their consequent impacts on conflict and migration. The nuclear agenda takes on greater urgency as 30 new nations declare their intent to create some form of civilian nuclear program, increasing the risk of breach in the firewalls between civilian use and weaponization. Those firewalls need to be strengthened before the crises occur.

Perhaps the fifth lesson is also clear: all of these problems are inter-related. Failure to deal with one can make many or all of the others worse. Efforts in one area can prove feckless if critical interrelationships with other problems remain unaddressed. Yet it is also possible to use progress in one or several areas to build momentum to solve other problems. For example, counterterrorism efforts focused around building intelligence and police capacity could have little impact if poverty continues to create disaffection among those who cannot find jobs and send their children to school. But conversely, major efforts to create new jobs and provide basic services to the urban poor can create an environment where they will no longer harbor terrorist elements. Or, in another case, a successful peace initiative in Darfur could fall apart if there is no strategy to deal with the land and water scarcities underlying the conflict. However, a sustained initiative on how to work out rights to scarce resources in Darfur could not only nurture peace, it would make it far easier to deploy peacekeepers and feed displaced populations. Part of the challenge to work successfully on problems rooted in globalization will be whether we can avoid treating them in isolation.

Of course, these lessons impose an impossible management challenge. The risk is to say that all issues are interconnected to all others, and if you do not fix them all, then none can be resolved. That will lead to stalemate. But if nations and leaders can recognize the complexity, diversity and inescapability of the agenda before them, and if they can share both leadership and the burdens associated with it, then perhaps a dynamic can be created in multiple fields where incremental progress starts to engender confidence. Few if any of the global problems before us will be solved with one political action. Success will depend on creating a new dynamic where progress leads to more progress, which reinforces efforts across sectors. That may seem like an impossible task, but the alternative of not taking on this nightmare of matrix management is to live with the nightmares that threaten our security and prosperity.

¹ The book, *Power and Responsibility: Building International Order in an Era of Transnational Threats*, by Bruce Jones, Carlos Pascual and Steve Stedman and published by Brookings Institution Press will be released in early February and outlines the creation of an international order that will promote global security prosperity for the next 50 years.

2. Which important interests of your country/region are promoted by globalization, which are currently neglected or frustrated in the process of globalization?

Globalization has become the most powerful driver of opportunities and threats in the international community. Global access to markets for capital, technology, and labor and for the sale of goods and services has generated unprecedented wealth, lifted hundreds of millions out of poverty in China and India, and driven unparalleled innovation. Yet the dark side of this transnational world has unleashed global warming, nuclear proliferation, vulnerability to disease, and a global economic recession. All of these issues are of critical interest to the United States. Further, the governance of these transnational forces must become a central concern of US policy, as it will determine whether the positive or dark side of globalization prevails.

In 2009, we can expect the United States to focus attention on the global financial crisis, and in particular the domestic roots of this crisis. Yet other issues will be part of the US agenda. The Obama Administration will need to formulate a position on transnational terrorism, particularly whether it moves beyond the Bush administration's fixation on a "global war on terror." International pressures and the Copenhagen Conference in December 2009 of the UN Framework Convention on Climate Change will force the US to take a position on global warming. The NPT review conference in May 2010 will drive a discussion on nuclear security. And the US will find that the management of short-term crises in Afghanistan/Pakistan, Iran, North Korea, the Middle East – and perhaps even Iraq – has each become a global issue.

The global financial crisis will challenge the United States to coordinate its domestic recovery strategies with the policies of other major economies. The G20 Economic Summit in November 2008 already reflected a new reality: the traditional world powers cannot solve this global problem without China, Korea, Australia, Brazil, India, Mexico, and the Gulf States. Other countries are financing the US bail out. The United States needs other centers of growth that will help lift the United States out of its recession. Moreover, other countries need the United States to succeed. A permanent collapse in US demand would devastate the largest driver of global growth. Even for those nations that might take perverse pleasure out of US misfortune – Russia, Venezuela, Iran – the American economic recession has hurt them as well.

The risk for the United States will be whether excessive fixation on the domestic aspects of the financial crisis will cause it to ignore some of its international dimensions. The greatest risk is protectionism. The United States needs international markets and capital to grow, but there will be a cry from dislocated workers to protect them from international competition. The domestic response to this problem should be American investments in new jobs, unemployment insurance, education, and infrastructure. But it may lead to populist reactions against trade that will, in the end, hurt American workers. Politicians will need to make the case that open markets combined with investments in a real American safety net are the best way to serve the interests of dislocated workers.

A second risk is American resistance to global efforts to reinvent the IMF and its role in setting global financial standards and maintaining oversight. Some will argue that the United States crisis is rooted in bad US policy, and therefore the United States should focus on domestic remedies. The need for domestic remedies is indisputable. Yet the United States must also consider how it reinforces the credibility of its actions, and how it seeks maximum protection from contagion that could emerge from other parts of the world. Both of these considerations demand a stronger, refocused IMF. The US would miss an opportunity if it does not take advantage of this opening for restructuring global governance.

A third risk is a fixation on economic strategies that ignores the world's poor. In a transnational world, poverty makes states weaker, and weak states are less able to contend with terrorism, conflict, disease and climate change. Moreover, these poor states will have even less chance to tap into global markets for capital and labor. International poverty may seem to some like a secondary issue, to be postponed until better economic times. Yet it is at the moment of global economic distress that the problems for the world's poor will become more acute and that the risks of instability and other transnational threats will increase. A \$50 billion "economic stimulus" for the world's poorest countries, in the context of a global Official Development Assistance budget of about \$105 billion annually could easily be shared by the G20, and would be just a fraction of the national stimulus investments in the US, EU or even China.

Even before Barack Obama takes office, global economic and financial challenges have replaced transnational terrorism as the main global issue on the American agenda. The end of November crises in Mumbai, however, underscored that attention to terrorism cannot diminish. The new administration would do well to transform its approach to terrorism, dropping the concept of a "global war," and focusing attention to its local dimensions and the capabilities to tackle them.

Emphasizing that global terrorism was rooted in Iraq cost the United States and efforts around the world to fight terrorism dearly. The United States took its eyes off the most critical issues in Afghanistan and Pakistan. In Pakistan, the US aligned itself with a discredited Pervez Musharraf, eroding the US image in Pakistan while linking the US with an inconsistent and failed set of policies. In Lebanon and North Africa, the United States found itself reacting to, not anticipating, the emergence of terrorist franchises linked to al Qaeda. The lesson to draw is that terrorism has localized roots with transnational links, not vice versa. To combat terrorism, one must first address the local dimensions. The tools are intelligence, law enforcement, jobs, and responsive governments. Even the American military surge in Iraq has demonstrated the fundamental requirement of local partners in Anbar province. Addressing the international connections to break the sharing of information, technology, and finance is also key – but as a complement to enhanced local capacity. International military action is the final and last resort.

The Obama Administration will bring climate change to an unprecedented level of prominence, but the economic recession will complicate the administration's capacity to act quickly. If there is a bright side to the economic recession it is that it will require a stimulus package in the US on the order of \$1 trillion. Well targeted, that could finance investments in energy efficiency and carbon-reduction technologies. The complication is that many such investments will not be sustainable

without a price on carbon or a tax on gasoline. Politicians will be hard pressed to argue for such measures if they increase electricity prices and potentially constrain growth in some sectors such as steel, aluminum, and automobiles. Quite simply, because the Bush Administration denied the reality of global warming for most of its term, the United States has not debated the economic and social impacts of a strong climate change policy. Doing so in the midst of a recession will not be easy or fast.

Deliberation in the US will clash with expectations for speed in the international community. Eyes are fixed on reaching a post-Kyoto climate agreement in Copenhagen, but the United States is not likely to have a viable and domestically robust position before then. And if that is the case, pushing for a comprehensive package in Copenhagen could have one of two results: it defaults to the lowest common denominator and does not achieve the intended results, or the US cannot win its approval at home as was the case with the Kyoto Protocol.

Soon in 2009, international leaders will need to assess and guide expectations for Copenhagen. The worst case for all parties is that the conference explodes in conflict and destroys international momentum toward consensus. The ideal outcome is a robust and comprehensive solution. A fall back would be to set a goal for a comprehensive solution, but accept a staged process in two tracks. The first would be on investment in new technologies and disseminating energy-savings capabilities in developed and developing countries alike. Around this theme, it is possible to create consensus while stimulating near-term impacts on energy efficiency in emerging economies, on adaptation to the effects of global warming in vulnerable countries, and on the preservation of rainforests. Principles could be set to lead to agreement on a second track: specific measures to reduce emission recognizing that it will take time to agree on how countries can take “comparable but differentiated” approaches to price carbon and within what timeframe. For some, particularly in Europe, this may seem heretical. But a tactical delay could produce a more strategic and effective eventual outcome.

Finally, the US cannot divorce globalization from its short-term crisis agenda. This reality has emerged in the course of the Bush administration. Powerful as it is, the United States cannot achieve success acting alone in Iraq or as the dominant partner in Afghanistan and the Middle East. Yet American disengagement has also led to failures, notably at key stages during international negotiations with North Korea (2005-2006) and Iran (2004-2005). America’s role is vital to achieve successful outcomes. The United States cannot dictate the outcomes, and that will become even more poignant as the dispersion of global economic power continues. To be clear: the United State is not weak, but it is not dominant. American leadership will be crucial, but in a globalized world such leadership requires a new style and emphasis focused on sustainable outcomes through shared communities and action. The era of unilateralism is over.

3. What are the preferred instruments of managing a globalized world? What role for structured multilateralism (such as UN), what role for structured regionalism (such as EU or ASEAN)?

Transnational challenges currently confronting the international community are too complex to address through one simple set of institutional arrangements. Different problems will require different solutions that are tailored to the cause of the threat, the political actors that have the capacity for leverage, and the institutional actors that can make a fundamental difference in the implementation of solutions. The watchwords in such a system will be consistency, legitimacy, and capacity. If there is one thing we can say with certainty, it is that unilateral solutions will not work on most problems. The nature of the multilateral or regional solutions that are necessary to be effective will need to be crafted around the specific problems that the international community is seeking to address.

It is important to comment on the use of force. The divisions created by the US unilateral decision to invade Iraq in 2003 gave rise to a series of questions about the effectiveness of multilateral institutions. The perception created by George W. Bush, Donald Rumsfeld, and others in the Bush Administration was that the United Nations simply failed. In fact, the reverse is true. Members of the UN Security Council correctly assessed that Saddam Hussein did not have weapons of mass destruction, and they made a prudent recommendation to continue the process of inspections. Looking backward, we now must recognize that the United Nations Special Commission (UNSCOM) program in the 1990's had in fact eliminated Saddam Hussein's WMD programs. Nonetheless, the perception has lingered of UN failure on Iraq, and this perception has spread to taint general perceptions of the UN system.

Three points are important to make clear on the use of force. First, Article 51 of the UN Charter clearly states that nations have the right to use force in self-defense. No one has ever questioned the validity of this provision. Second, the principal questions on the use of force arise in circumstances when a country seeks to preempt an attack from another nation. Kofi Annan's high-level panel on threats, challenges, and change, *A More Secure World: Our Shared Responsibility*, addressed this question in 2004. It concluded that in such circumstances, the threatened country should bring the issue to the Security Council for discussion. If the Council determines that a threat is indeed imminent, the use of force can be authorized. If it is not perceived to be imminent, then the opportunity remains to consider other options. Third, it is important to consider the potential effectiveness of the use of force. Studies by the Brookings and Hoover Institutions both have concluded that the unilateral use of force for preemptive purposes is unlikely to be effective². Gone are the days when a targeted strike could settle most conflicts. Perhaps that might be the case if the target is a specific terrorist. However, for humanitarian interventions such as Darfur, a long-term presence is necessary in order to rebuild the society and protect innocent civilians. In Iraq and Afghanistan it has become clear that military conflict must be followed by long-term nation building.

² Details on the Hoover Institution and Stanford Institute for International Studies Preventive Force Conference, Menlo Park, Calif., May 25–27, 2005, available at www.hoover.org/research/conferences/3022291.html.

Such efforts will require 5-10 years and a multitude of participants. The United States has painfully seen that the unilateral use of force in such circumstances only makes it more difficult to build a multilateral coalition in support of stabilization and reconstruction. For both purposes of legitimacy and effectiveness, the experience of the past five years has demonstrated that nations are better off pursuing multilateral and regional solutions than if they apply force unilaterally.

More broadly, experience and research have both underscored that the most effective approach to transnational challenges is to formulate rule-based regimes, where the rules have wide legitimacy and institutions derive from the capabilities required to enforce this rule-based system. In Question 4, we will consider in greater detail the importance of a new principle, responsible sovereignty, and the development of such a rule-based system. To be effective, it must take into account the performance of multilateral and regional organizations, as well as the role of the private sector and nongovernmental organizations. On issues such as economic stability and climate change, the private sector and NGOs are bound to provide the bulk of international resources and analytic capabilities. If they are not fully incorporated into the ways in which our international systems function, we will not be able to obtain effective solutions that make the best use of all the assets we have to address these problems.

In such a rule-based system focused around transnational threats, nations will need to make investments, build effective institutions, and address specific challenges such as climate change, nuclear security, transnational terrorism, the eradication of poverty, and the promotion of peace and security. The roles of specific institutions can and should vary depending on the problem. For example, the United Nations may be the platform for international debate and negotiations on climate change. In addressing conflict, the UN will often be the coordinating body that brings together and organizes international actors. On poverty eradication, the UN might most effectively devote its attention to sustaining moral scrutiny on performance against the Millennium Development Goals.

The challenge will be to create the mechanisms to align major powers and strategies to most effectively address transnational threats. The G20 Economic Summit called by President Bush in November 2008 reflected that the G8 no longer has the capacity to leverage the skills and resources necessary to address major global problems. This was clearly the case in combating economic and financial instability. One can argue that it is equally true on climate change, non-proliferation, and transnational terrorism. The G8 will thus need to be replaced by a new grouping. In the work that I have done with Steve Stedman and Bruce Jones, we have proposed the creation of a G16 that starts with the G8 countries and adds the so-called Outreach 5 (China, India, Brazil, Mexico, South Africa), it includes the representation of major Muslim states (Indonesia and Turkey), and adds the participation of a major Arab or African country (Egypt or Nigeria). The principles for participation in this broader grouping should be geographic representation, population, economic power, and political capabilities to lead others in their region. It is possible to engage in endless debates over the right grouping of countries to include in an alignment of major powers. The more critical issue is to recognize that a wider representation of countries is needed in order to bring together the skills, resources, and legitimacy that are needed to address problems that do not recognize boundaries.

The role of this larger grouping of countries also needs to be redefined. The new G16 or G20 will not succeed if it believes that it can simply resolve all of the world's major problems on its own. The intent rather is for these leaders, their foreign ministers, their finance ministers, and other key officials to meet regularly in order to propose solutions to major transnational issues. These proposed solutions then need to be brought back to the relevant international bodies and voted on or adopted in practice based on the guidelines of the relevant institutions. Thus, proposals on climate change should be formulated by the G16 or G20 grouping that is organized within the UN Framework Convention on Climate Change and brought back to the UNFCCC for ratification and action. Proposals on reform of the IMF can be developed by the G16 or G20 executive directors within the IMF and then brought back to the IMF's full board of directors for action. A G16 or G20 body does not replace the UN Security Council or other multilateral institutions. Rather, its purpose is to help these institutions function more effectively.

The representation of the UN Security Council also needs to be addressed in order to enhance its legitimacy and effectiveness. The reason this matters is because the UN Security Council is the highest body in international law. Countries rightly question its legitimacy when major population groups, economic powers and contributors to the UN are excluded from its permanent decision-making body on issues related to peace and security. The question, however, is how to expand such a body without making its increased size become an obstacle to its effectiveness. Attempts to expand the Security Council in 2005 collapsed for a range of reasons, including a lack of clarity on the US position. However, this issue is much more complex than just a matter of US support. The European countries need to reach agreement on streamlining their representation. China and Japan must reach some accommodation on Japan's participation on the Security Council, and China's representation in a G+ grouping. Within Africa, there have been tensions over the appropriate representative for the bulk of sub-Saharan Africa. The path to expansion is not an easy one. It will require compromises across nations and within regions.

In my book with Stedman and Jones, we propose a three-stage process for this expansion of the Security Council. The first is to improve the quality of the debate within the Council by reducing the chances that one nation can simply block debate by threatening the use of its veto power. To do this, we propose that the Permanent Five representatives (China, United States, Russia, the United Kingdom, and France) voluntarily exercise restraint on the use of their veto power. In so doing, these countries would agree that a double veto is required in order to stop action on issues related to the use of force, the imposition of sanctions, or the deployment of peacekeeping missions. In this way, at least two countries would have to agree to remove an issue from effective Security Council consideration. Second, we propose the creation of an additional five seats to which countries would be elected to a period of 8-10 years. Countries would be selected on the basis of geographic representation, population, and contributions to the UN. This would allow for longer-term patterns of representation that would increase the stake of these participants in the work and deliberations of the Security Council. Third, based on success in this interim expansion, we propose that consideration be given to converting these interim seats into permanent Security Council representation. Perhaps this may seem like a drawn out process. We propose it, however, based on experience and consultations around the world on issues related to representation and

the effectiveness of the Security Council. Our experience has been that once nations get into the question of Security Council expansion, their deliberations suck all the political energy out of any debate on global challenges and transnational threats. This staged approach has at least the chance of moving nations forward without detracting attention from the key issues that have to be on the agenda of the international community.

The result of these institutional reforms to address transnational threats will resemble more a Rubik's cube of international institutions, rather than one simple set of mechanisms by which to address the world's global challenges. Perhaps this may seem overly complicated, yet at the same time it would seem consistent with the lessons we have learned from the private sector. Inevitably, solutions must be tailored to individual environments with strategies and capabilities tailored to address the challenges of that environment. The elements of such a system depend on negotiated rules to define the parameters for international obligations, consistency in the way countries administer these rules, legitimacy in the institutions that are created to carry out this rule-based system, and investments in capacity that make it possible for these institutions to function. Multilateralism à la carte is not an option. There must be a consistent pattern of international behavior with investments in institutions in order to secure their effective performance. However, if we expect one or a few institutions at a multilateral or regional level to solve all of these problems we will be deeply disappointed. Sustainable progress will require institutional networks, including the participation of the private sector and NGOs.

4. Should governance of a globalized world be based on general or universal principles? If so, which ones?

The world needs a universal principle to guide its governance. The one it currently has – one of Westphalian sovereignty, founded on the notion that borders are sacrosanct – is counterproductive for a world in which transnational threats do not recognize boundaries. In the *Audacity of Hope* Barack Obama writes:

When Truman, Acheson, Kennan, and Marshall sat down to design the architecture of the post-World War II order, their frame of reference was the competition between the great powers that had dominated the nineteenth and early twentieth centuries. In that world, America's greatest threats came from expansionist states like Nazi Germany or Soviet Russia, which could deploy large armies and powerful arsenals to invade key territories, restrict our access to critical resources, and dictate the terms of world trade. That world no longer exists.³

Unfortunately, a new universal principle has not taken hold to modernize the notion of international order. Both Presidents George H.W. Bush and Bill Clinton were sensitive to the need for a new international environment at the end of the Cold War. Bush (senior) was not in office long enough to do much about it. Clinton focused on the need for the integration of the Warsaw Pact and former

³ Obama, Barack. *The Audacity of Hope: Thoughts on Reclaiming the American Dream*. Crown Publishers: New York: 2006; 304-305.

Soviet states into new structures, leading to the expansion of NATO, the creation of the NATO-Russia and NATO-Ukraine Councils, and the inclusion of Russia into the G8. China was eventually brought into the WTO, and there were other regional initiatives such as the APEC forum and the Summit of the Americas intended to create more effective means of governance. However, a new and coherent theme of international cooperation was never fully elaborated.

A comparable opportunity was missed after 9/11. The United States had unprecedented international sympathy to help lead consensus toward a new international order. But instead President George W. Bush's challenge -- that states were either "with us or against us" -- created a new divide since it was not clear what "with us" actually meant, particularly after the US invasion of Iraq in 2003. Even though most countries rejected the Bush characterization of a new order based on either support or opposition to the United States, others did not offer a new international vision.

This gap in the relevance of the guiding international principle that we have – Westphalian sovereignty – has taken on practical significance. As discussed in the previous questions, the economic and political forces in today's world do not abide by national boundaries. Globalization has millions out of poverty, created unprecedented global wealth, and stimulated the technological and business innovation that has produced phenomenal leaps in efficiency. Yet on the dark side of globalization are a financial crisis in the world's strongest economy that has spread into a global economic recession, terrorists who seek to acquire the capacity for nuclear and biological weapons, greater fragility in environmentally marginal areas, and conflict in places like Darfur that are rooted in competition for land and water. Multilateral and regional organizations need to reach across borders to manage such threats. Yet the very prospect of doing so creates a clash with the current guiding principle of universal order, and can render ineffectual the institutions created around the precept of Westphalian sovereignty.

A new universal principle for a globalized world, then, requires a new formulation of sovereignty. After extensive research and consultations around the world under the Managing Global Insecurity Project, Stedman, Jones and I have proposed a concept of responsible sovereignty that builds on the work of Francis Deng, a former African statesman and a scholar at the Brookings Institution in the 1990s. Responsible sovereignty has three dimensions:

- States must act responsible toward their people,
- States must be accountable for the domestic and international impacts of their actions,
- Strong states have a responsibility to build up weak states that seek to increase their capacity to uphold international obligations.

Importantly, the notion of sovereignty is still built around the behavior of nation states, but with an emphasis on accountability for national actions. This is not an idealistic notion. Rather it comes down to what some call playground realism: if you want others to be good to you, you have to treat them well. This is not advocacy for world government, but rather recognition that our ability to govern transnational threats requires the attention of most countries to achieve sustainable solutions. Moreover, no nation can isolate itself from threats such as climate change or global

financial contagion. Nations will find ways to step up to these challenges or be buffeted by them. This self interest gives the emergence of responsible sovereignty as a guiding principle a chance.

The challenge then becomes to define “responsibility.” This is where universal principle must be adapted to stimulate consensus on institutional investments and practical action. Stedman, Jones and I argue that responsible behavior needs to be negotiated among states around specific problems. Such negotiations should produce agreement upon rules on issues such as climate change, counter-terrorism, nonproliferation and financial regulation. States should define the rules for punishing those who do not act responsibly. Institutional requirements should then be based on the necessary capabilities to set standards, monitor performance and implement such a rule-based regime. NGOs and the private sector are necessary and critical allies. On climate change, for example, standards for reporting carbon emissions are emerging from businesses and NGOs that are driving companies and states to force such accountability. Moreover, once such tools are in place, they can be reinforced with positive incentives: for example, companies would have to comply with standards to report their emissions in order to compete for contracts with the multilateral development banks or for national defense contracts.

Defining “responsibility” around specific transnational issues will also lead to an obvious insight that is underappreciated. Institutions will play different roles depending on the problem that you are trying to solve. As argued above, the United Nations may play a central coordinating role on peacekeeping, it may provide a platform for negotiation on climate change, and it may mobilize international scrutiny on poverty eradication. Institutions and actors will be aligned according to needs and capabilities. Their roles will vary across problems. But on any given problem, states must negotiate a clear set of rules to foster consistency and predictability.

5. Who should lead the process of building transnational governance?

No one nation alone can bring about a new rule-based order. That will demand the cooperation of major powers, or at least the willingness of major powers not to block the emergence of a new international order based on responsible sovereignty. It also means that individual nations should exert leadership in areas where they have influence and expertise.

In the course of writing *Power and Responsibility* and the consultations that we undertook throughout the world, Stedman, Jones and I consistently heard a plea for renewed American leadership. At the very time when polls showed that majorities in most countries felt that the United States was too unilateral and tried to dictate outcomes, policymakers around the world recognized that it is not possible to produce a rule-based international order without the active participation of the United States; the US is too powerful economically and militarily. The global financial crisis also demonstrated the opposite: that a crippled United States hurts other nations, their economic prospects and their sense of security.

In order to lead effectively, our global consultations also underscored that the United States must commit itself to the rule of law internationally. Many argued that the rule of law is America's strength domestically, and they could not understand why the United States could not see this internationally. It was for this reason that nations called upon the United States to end torture, close Guantanamo, honor the Geneva Conventions and uphold the Convention on Torture. Doing so would play to American strengths and restore American moral authority for leadership. Yet this would be a new form of leadership: not where the United States dictates its view to others, but where it uses its authority and capacity to forge international partnerships and strengthen international institutions to produce results on challenges to security and prosperity that elude the capacity of any single nation to resolve.

China must also take a new perspective on its international responsibilities. It has become too big, powerful and significant to be a free rider on the investments that others make in global and regional security. On climate change, the roles of China and the United States are inextricably intertwined. Since 2000, China's energy demand has doubled, and it has accounted for one-third of the increase in global oil demand during this period.⁴ In 2005 and 2006 alone China's electricity generation increased by an amount equivalent to all the electricity required by the United Kingdom, and 85 percent of that electric power came from coal, the highest carbon-emitting fuel.⁵ By 2030 China alone will add the equivalent of the European Union (EU) in electricity generation.⁶ There can be no global solution on climate change without China's active participation. China will argue that without the US leading an effort to restrict its emissions and share its technology, Chinese leadership is senseless. The United States will argue that it will not surrender competitiveness to Chinese products by restricting its emissions if China will not do the same.

In the traditional security sphere, Chinese military and commercial leverage is particularly strong in Asia and the Middle East. China has started to face up to this role on North Korea, with its insistence to sustain the Six-Party Talks even when they were faltering. It saw that there was little alternative to a regional convergence of power to influence North Korea. Eventually China has come to support a UN mission in Darfur after years of early opposition. Iran will be another major challenge. If China is not willing to curtail its commercial engagement if Iran refuses full transparency on its nuclear program that ensures its civilian nature, then there can be no effective sanctions regime. This will drive the United States and perhaps others toward a military option, ill-conceived as that might be.

The European Union must continue to serve as a moral conscience to the rest of the international community. That is not to say that Europe has found perfection. Its inability to cope with the integration of Turkey is indicative of the phobias still alive within Europe. And Ireland's rejection of

⁴ See Karen A. Harbert, assistant secretary, Office of Policy and International Affairs, US Department of Energy, "China's Energy Consumption and Opportunities for US-China Cooperation to Address the Effects of China's Energy Use," statement before the US-China Economic and Security Review Commission, June 14, 2007, available at www.uscc.gov/hearings/2007hearings/written_testimonies/07_06_14_15wrts/07_06_14_harbert_statement.pdf.

⁵ IEA, "Projections of Chinese and World Energy Uses, 2025," *World Energy Outlook 2006* (IEA, 2007), available for purchase at www.worldenergyoutlook.org/: "China will have to add more than 1300 GW to its electricity generating capacity, which is more than the total installed capacity in the United States. China's per capita emissions reach European levels by 2030," p. 203. See also Harbert, "China's Energy Consumption," p. 2.

⁶ *Ibid.*

the Lisbon Treaty suggests that even a state that has vastly benefited from European subsidies can still question the very regional system that has enhanced its prosperity. Still, Europe is the world's most rule-based society. It has embraced the need to change lifestyles and radically curtail the use of fossil fuels to protect the planet. The willingness of countries to subjugate an element of their sovereignty to a European cause has brought unprecedented stability to a continent that regularly fell into war in the previous centuries. And with Europe being such a rule-based society, it stands to gain if other nations would abide by a rule-based system as well, even if it does not resemble the stringency of the European system.

We should note, of course, others who should take leadership in this new global equation. The leaders of the G16 or G20 nations have a responsibility given the dispersion of global power. They need to commit to finding solutions to global and regional problems and avoid the temptation on the part of some of retaining their role as global nay-sayers. The Secretary General of the United Nations must be willing to remind the international community constantly of its responsibilities. In the realm of poverty eradication, NGOs and the private sector have a critical role since private flows, from corporate partnerships to philanthropic activities, now amount to more than twice the level of global ODA. There is, in short, no simple answer to the imperative of leadership. As power is dispersed, nations and non-states actors must recognize that leadership will also be dispersed.

Finally, we should also consider the sensitivity of this current moment in global politics. A range of factors can facilitate a convergence of nations toward international cooperation: goodwill toward a new American president, Obama's recognition that American security is inseparable from global security, an emerging understanding that a crippled America is bad for the world, and a global economic crisis that has forced international cooperation. But economic hardship can also lead to protectionism as we saw with the July 2008 collapse of the Doha round. New coal plants every week in China and India are defining new realities on climate change, and North Korea and Iran are challenging the global nonproliferation regime. If nations do not take advantage of these converging factors, then in five to ten years, the challenges may be harder as new realities will have pushed countries apart, making it more difficult to establish the norms for responsible sovereignty. If ever there has been an imperative for leadership in the United States, Europe, China and the world's other major power centers, it is now.

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