



**REDISTRIBUTION OF POWER, NOT JUST WEALTH:  
OWNERSHIP OF INTERNATIONAL AGENDAS**

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From its very creation in 1945, the United Nations was concerned with the freedom and well-being of all the peoples of its Member States. The preamble to the UN Charter expresses this very clearly:

"We the peoples of the United Nations, determined;

- to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind; and
- to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small; and  
to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained; and
- to promote social progress and better standards of life in larger freedom".

The values of equality and rights as embodied in the essence of democracy do not stop at national borders. They also apply between States. Article 1 of the UN Charter, spelling out the purpose of the United Nations underlines this. Paragraphs 1.2 and 1.3 state:

- "1.2 To develop friendly relations among nations based on respect for the principal of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;
- 1.3 To achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion;"

National borders are also no barrier to the urgent issues facing the world today such as climate change, our overreach of the ecological boundaries of the planet, resource scarcity, and human insecurity that can arise out of competition for such resources. If such global problems are to be addressed in a way that allows for future well-being for all, then a fundamental assessment of power relations between States and peoples has to take place.

Furthermore, the events of 2011 lend urgency to the need for reform. While recognizing but keeping in perspective the sinister, criminal and hooligan elements which seek to exploit such situations, 2011 has been a watershed year for spontaneous, popular and often in effect democratic-based uprisings throughout the world on a scale not seen since the fall of the Berlin Wall. While the uprisings referred to as the "Arab Spring" throughout the Middle East, and those that occurred in Greece or Thailand in 2010 were fuelled by economic challenges, their deeper roots also lie in disillusionment in repressive governments and the failure of global democracy to provide a "fair voice" in the system and in turn an equal share of the economic pie.

This sense that people are no longer accepting that decisions made by a ruling and wealthy political elite are necessarily legitimate extends beyond the formal political institutions alone. The recent bailouts of global financial institutions, in crises brought about through uncontrolled markets, and what many perceive to be bankers behaving corruptly and with impunity, means that people throughout the world are being asked to endure "austerity measures". The need for such measures appears to be dictated by markets that are in no way accountable to ordinary citizens.

Where human rights have been promoted arguably this has been very much in terms of the individual rights of people with too little attention being paid to their relevance to meaningful citizenship within an accountable political system. Too often participatory citizenship has been eclipsed by a consumer approach to politics.

### **A changing economic order**

The true picture of human existence on our planet is very different from the image that those in the developed North reflect back on themselves. Out of a global population of about 6.8 billion people, only just over 1 billion live in high-income countries. At the other end of the scale, a further 1 billion are predicted to go hungry in 2011. The poorest 50 per cent of the world's adult population own barely 1 per cent of global wealth. Such inequality is bound to lead to social tensions, both within countries and between them.

The G20 is increasingly the premier decision-making forum for global problems and yet more than 2 billion people are living in countries excluded from its membership. This means that 35 per cent of the world's population have no say on economic or political decisions that will ultimately impact on them in a globalized world. Within the G20, the 3.8 billion people who live in middle-income countries completely dwarf the 170 million who live in the G8, and yet within the forum of the G20, it is the richer countries that set the agenda.

Meanwhile, there is a well established consensus that global power is shifting from the West to the East and that a more multi-polar world is emerging. The economic rise of China, and its demographic weight, along with India, and the emerging powers of Turkey, Mexico, Brazil, Indonesia, South Africa, as well as the Russian Federation, are well recognized realities. These realities underline the argument that the international system set up after the Second World War and in a colonial age needs to change.

On 8 September, 2010, Hillary Clinton used a major foreign-policy address to the Council on Foreign Relations in Washington to elaborate on the idea of a "new global architecture" that would serve the needs of the 21<sup>st</sup> century - just as the institutions constructed after 1945 had proved effective for the remainder of the 20<sup>th</sup> century. "We seek to build ... a network of alliances and partnerships, regional organizations and global institutions that is durable and dynamic enough to help us meet today's challenges and adapt to threats that we cannot even conceive of ..." the US Secretary of State ambitiously declared.

If we, and indeed the Secretary of State herself, are to make a reality of such sentiments then devolution of power and voice has to go much deeper than a simple reflection of the inevitable influence that China, or similar powers will expect as their economic influence grows. If global threats and challenges are really to be met then we have to talk seriously about who is most affected by those threats and how they can be brought into the arena of global problem-solving.

### **Global Challenges**

It is estimated by the United Nations Population Division that there will be 9 billion of us on the planet by 2050 - with the most growth in the middle-income and least developed countries. This growing population will have to face some intractable problems. Climate change is already having an impact on the world's poorest. As a result of behaviour in the past, further temperature rises are already inevitable and if we are not able to curb emissions, scientists tell us we are looking at a 4-degree rise. Changing seasons and more frequent and greater-intensity weather events as a result of this temperature increase can be expected to put pressure on our ability to grow food and on habitable land - as we are so starkly witnessing now in Somalia and the Horn of Africa.

But climate change is not the only global problem. Other resources are becoming scarce, such as arable land and water. Furthermore, we are reaching the limits of increasing the yield of crops - with growth slowing to 1 per cent. Our very ability to feed ourselves is under threat.

Yet it is not these problems of resources alone, or even a changing climate, that are causing people to go hungry today, but inequalities in power. It was such inequalities in power which meant that, while food prices began to rise, the US Government's biofuels laws still resulted in nearly 40 per cent of the US corn crop going into ethanol production for fuel rather than food production in 2010. It is also inequalities of power which meant that since 2000, investors have brought up, or are negotiating, 80 million hectares of land across the developing world, often over the heads of communities who rely on it for food and employment.

If we are to address the problem of feeding 9 billion people by 2050 - remaining as we must within the ecological boundaries defined by our planet - then we cannot simply plaster over food crisis after food crisis with food aid. Power has to be redistributed and not just resources.

### **Democracy in thought, not in practice**

The principles of sovereign equality between nation-States and of democracy have been promoted as global norms and they are the only mechanisms by which current global challenges can be addressed in such a way as to offer future well-being to all. However, the practice of international relations often falls short of this ideal.

International processes and mechanisms for problem-solving often reflect the priorities of those in positions of power, not the needs of those too often most affected. International climate negotiations focus on the agendas of the richer nations, which are able to play a game of brinkmanship to offer the least in terms of emissions cuts or climate finance. The powerful are able to field large teams of negotiators while those countries most urgently affected, such as Bangladesh or small island developing States, find themselves pushed to the periphery of discussions.

Similarly, the World Bank has a mandate to combat poverty and focus on developing countries, where it often wields enormous power; yet developing countries have little say in how it is run. Furthermore, informal "gentlemen's agreements" forged after the Second World War still ensure the practice whereby the European governments select the head of the IMF as long as the United States is able to choose the chief of the World Bank.

Eroding trust in such multilateral institutions, and the growing perception that international cooperation is undermined by those in power, is not only a problem for the global poor. Such cooperation and institutions are vital in the safeguarding of global goods and the security of all.

Nevertheless, these institutions obviously need reform if they are to remain relevant and able to help a shifting and increasingly multi-polar world tackle problems of climate change, resource constraints, hunger, poverty and security. In this context, it is time for fundamental reform to redress the democratic deficit at the World Bank and give real power to the developing country governments the Bank is supposed to support.

The World Bank, as a development institution, has a voting structure which undermines its effectiveness and legitimacy. Developing country governments have called for the introduction of parity of voice for developed, developing and transition countries as a first step. This should allow for voting shares to much better reflect population size and recognize that the real impact of World Bank activities is felt in the developing world.

The World Bank makes decisions which deeply affect the lives of people across the world. Citizens have a right to accurate, timely and accessible information about the activities of the Bank and the positions their governments are taking within the Bank's governing structures. The Bank should move towards a presumption of disclosure of all information, with a strictly limited regime of exceptions. Two key preliminary steps that would demonstrate commitment to transparency would be: (a) the publication of the transcripts of board meetings, and (b) the adoption of formal voting at board meetings, with voting records published.

Africa, the continent most affected by the World Bank, has only three seats at the board. Having an additional African place would move towards a fairer allocation of board seats, enhance the effectiveness of the Bank, and signal a commitment to making the Bank more accountable to African countries.

The current arrangement, where the United States automatically appoints the World Bank President, is completely unacceptable in the modern world. We need to see a transparent, democratic, merit-based process for selecting the head. This should involve all member countries equally and all significant stakeholder groupings. Geographical diversity and gender equality in top positions should be actively encouraged.

If developing countries are to increase their votes and number of seats on the board, then developed countries will have to reduce theirs. Europe is the most disproportionately represented region, with eight out of 25 seats on the board. Consolidating these seats would not only free up space for developing countries to take additional seats but also dramatically improve European coordination and coherence at the Bank. The recent global financial crisis anyway has demonstrated the imperative for Europe to move towards such coordination.

### **UN Secretary-General and Security Council**

If all these arrangements apply to the World Bank and the IMF they must equally apply to the appointment of the UN Secretary-General. No longer is it acceptable for this crucially important appointment to be made as the result of back-door bargaining by the powerful. It should be a transparent process with the objective of finding the best possible person to fill this exacting role. The Security Council as presently constituted does not meet the realities of our age. It remains as what was seen as appropriate by the Great Powers in 1945. Its reform on a convincingly representative basis, which will enable it better to deal with the complexities and challenges of the 21<sup>st</sup> century, is long overdue and such reform must face up to the contentious issue of the veto.

### **Further devolution of power: The international parliamentarians' petition for democratic oversight of IMF and World bank policies**

In 2004, there was an ad hoc initiative, supported by a wide range of civil society organizations and parliamentarians from both developed and developing countries to demand a greater role in scrutinizing the operations of the international financial institutions within their nations as a way to reassert the sovereignty of legislatures in parliamentary democracy. The text of the parliamentarians' declaration read as follows:

"We the undersigned Parliamentarians:

- Noting this is the 60<sup>th</sup> anniversary year of the creation of the International Monetary Fund (IMF) and World Bank - the Bretton Woods Institutions (BWIs).
- Recognizing that the IMF and World Bank have voiced a commitment to ensuring individual countries determine their own economic policies;
- Noting that key economic policies continue to be imposed by both the World Bank and the IMF as conditions for receiving debt relief and new loans, with the Boards of the BWIs retaining the power of veto over all measures, including those in Poverty Reduction Strategy Papers;
- We therefore call on the BWIs and their principal shareholders to ensure that the democratically elected representatives of recipient nations are the final arbiters of all economic policies in their countries;
- It is vital that national parliaments in recipient nations have the right and obligation to be fully involved in the development and scrutiny of all measures associated with BWI activities within their borders, and hold the final power of ratification;
- Ensuring the primacy of sovereign national parliaments in this way will improve implementation of measures to reduce poverty, enhance good governance, and foster democracy".

The petition was signed by 1,100 parliamentarians from 55 countries and was presented to the World Bank and the IMF in 2005. Such an initiative could be a useful contribution to the process of the redistribution of power.

### **A democratic alternative to the G20**

Suggested reforms to the IMF and the World Bank, however, do not fully address the democratic deficit implicit in many of the global problem-solving forums. The recent financial crisis has profound effects for rich and poor countries alike, with research by the non-governmental organization Oxfam concluding that the crisis that started in Northern banks was responsible for a US\$ 65 billion hole in the budgets of developing country governments. However, responses to the financial crisis were the preserve of the G20, or even the G8. In 2009, the President of the UN General Assembly, Miguel d'Escoto Brockmann, set up a Commission of Experts, chaired by Joseph Stiglitz, "to review the workings of the global financial system, including major bodies such as the World Bank and the IMF, and to suggest steps to be taken by Member States to secure a more sustainable and just global economic order". This Commission recommended that: "[An] inclusive global response will require the participation of the entire international community; it must encompass more than the G7 or G8 or G20, but the representatives of the entire planet, from the G192".

The recommendations of this Stiglitz Commission for a Global Economic Council - at a level equivalent with the General Assembly and the Security Council - should be vigorously pursued. It should meet annually at the heads of State and government level to assess developments and provide leadership on economic, social and ecologic issues. At the very least, representation must be based on a constituency system and designed to ensure that all continents and all major economies are represented. In this way, it could provide a more democratically representative alternative to the G20.

### **The UN climate change process**

Climate change remains one of the clearest examples of where those most affected by an issue are furthest away from power and decision-making on it. Those on the front-line of the impacts of climate change include, for example, small-holder women farmers in developing countries, though their voices are not being adequately heard in the United Nations Framework Convention on Climate Change (UNFCCC) process for reaching a global deal.

Climate finance, which reaches poor communities and allows them to adapt to an already changing climate and to develop in a low carbon way, must therefore be central to any progress. Climate finance is not aid and it is about more than compensating developing countries for the costs imposed on them by a problem they did not create. It is an investment by rich and poor countries in a common future.

Governance to meet the challenges of climate change must be fair and equitable and ensure that it reaches those most in need. Developing countries must be adequately represented in global decision-making on the future climate change regime, and they must be able efficiently, easily and directly to access necessary finance. Furthermore, climate finance really must be spent according to national plans and priorities, through consultation with national stakeholder groups, including women.

Governments have a good opportunity at the forthcoming UN Climate Change Conference in Durban, South Africa (COP 17/CMP 7), and the UN Conference on Sustainable Development (Rio+20) to establish a representative and fair new pillar of our international system so as to equitably manage global environmental matters. Despite the failure so far to reach a global deal, there is no alternative to the UN process for addressing climate change if the priorities and needs of developing countries are to be heard. While forums such as the G20 may be appropriate for discussions on the mobilization of climate finance, which is a task facing richer nations, the negotiations must remain within the auspices of the UNFCCC.

## **Corporate Power**

While mature democracies in richer nations do not have formal barriers to political participation, disengagement is evident as the outcome of elections is increasingly decided by a minority of a country's citizenry. Corporate power is much in evidence but not transparent. Furthermore, the ongoing disclosures surrounding the News of the World and the Murdoch empire serve to show just how pervasive media moguls are at the highest levels of decision-making.

In the European Union (EU), for every MEP there are 12.5 registered lobbyists representing the financial sector. Over the past 10 years, the rise of corporate lobbyists has been exponential in Brussels, with 15,000 lobbyists now registered with the EU. Expert groups, which inform legislative positions, are dominated by voices representing private/corporate interests.

### **To sum up:**

- (a) Concentrations of world power have always been at odds with the distribution of global populations but, significantly, with the rise of economies such as India, China and Brazil, power is increasingly not reflecting global economic realities;
- (b) Within this context, we are facing some key global challenges such as climate change, resource scarcity, hunger and financial crises;
- (c) Multilateral institutions and forums for global problem-solving reflect the needs of the post-Second World War powers and big economies, at the expense of those most exposed to the adverse consequences of such problems;
- (d) Reform is needed to allow for inclusive and democratic decision-making and problem-solving;
- (e) The Bretton Woods institutions - the IMF and World Bank - must reform their governance structures including voting and methods for appointing their chief executives;
- (f) The appointment of the UN Secretary-General must be an open, transparent process focused on finding the best possible person; there must also be urgent reform of the Security Council;
- (g) An inclusive global economic council must be established as a democratically representative alternative to the G20;
- (h) The defining problem of our generation, that of climate change, must be addressed through genuinely open negotiations and the COP 17/CMP 7 and Rio+20 Conference should recommend a new global institution for environmental governance;
- (i) We need to ensure greater transparency of decision-making through freedom of information and a register of lobbyists, both at the national and international levels.

### **Conclusion**

Governance systems which fail to address power imbalances are themselves doomed to failure. Thus, success in tackling the global challenges before us demands that we look at the governance of our international institutions and at the arrangements between nations as well as at some of our processes within nations. At the heart of these reforms should be the principles of transparency, accountability, equality and inclusion. In recognizing this, we must also recognize that effective international accountability depends on strong, vibrant local, regional and national systems of democracy.