



THE CENTRE  
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## **Public Lecture**

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*Harnessing Globalisation, Do We Need Cosmopolitics?*

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Pascal Lamy, 'Harnessing Globalisation, Do We Need Cosmopolitics?'

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## **Harnessing Globalisation, Do We Need Cosmopolitics?**

Lord Desai, Ladies and Gentlemen,

Thank you very much indeed for inviting me here tonight to launch the Global Dimensions programme run by the LSE's Centre for the Study of Global Governance.

The seminar programme you have set up, and indeed the Global Governance Centre itself, suggests that the LSE, true to form, is successfully positioning itself at the cutting edge of thinking on this ubiquitous subject called globalization. I believe it was Anthony Giddens who first used the expression - or perhaps even more importantly, people believe it was Mr Giddens who came up with it first.

And although ubiquity has become something of a political, or at least an academic, insult, the very fact of ubiquity is not evidence that an issue is mistakenly trendy and destined to fade away, just as paranoiacs have to remember that their condition does not mean that their friends and colleagues are not out to get them.

One of the extraordinary things about the globalization debate is that it seems to be one of the few things that is able to keep pace with globalization itself. In the year and a half since I returned to Brussels, the debate has moved on astonishingly quickly. We have moved beyond the question of whether globalization is a new phenomenon, or simply the latest twist in the capitalist road. On this point, the conclusion seems clear: that globalization, seen here as the latest transformation of market capitalism, i.e., based on comparative advantage, economies of scale and innovation, has produced a genuinely radical force, in the true sense of the word. It has had a dramatic effect on sovereignty, both inside and outside Europe; on questions of democratic accountability and legitimacy; and most importantly, on the real economy and on real people.

In this respect, it cannot have escaped the attention of those attending the World Social Forum in Porto Alegre in Brazil, the other Davos, that Claude Smadja, who is of course Managing Director of the real or perhaps I should say the original Davos,

noted not only that globalization is proceeding much faster than our ability to manage it, but that the "wealth, health, knowledge and digital divides continue to widen".

So globalization is a real and relevant phenomenon, its economic impact is very substantial, and - if left to its own devices - potentially damaging. I have spoken often about the risks of globalization, and in particular the risk of growing inequality between and within countries. globalization risks fuelling the sense of powerlessness, the sense of disenchantment with the world that has become so evident - as Vicente Fox said recently, there is "growing spiritual discontent and restlessness, the rejection of crass materialism and an intense, undirected desire for spiritual rebirth". Paradoxically, globalization can at the same time contribute to the realisation of individual aspirations, at the same time as it attacks the social fabric that binds us together.

Allied to this last point, of course, is the sense that globalization is multifaceted, some would say amorphous. Therefore it is relatively easy, perhaps simplistic, to attribute to globalization all the bad things that happen to individuals, communities, regions, nations, or indeed to international society as a whole. Margaret Thatcher, not the most popular figure in Houghton Street, once famously announced that society does not exist. I rather suspect that even Lady Thatcher would now have to accept that it does: that globalization has real effects on society - and even more importantly, from a political perspective, that it is generally believed to have an enormous impact.

As we move away from the sterile debate (are we "for" or "against" globalization ?), I also see relatively little point in arguing, from the standpoint of public policy, either that we should embrace globalization (whatever that means), or indeed that we stop globalization (whatever that means). globalization, again in strictly economic terms, essentially amplifies and reinforces the strengths, but also the contradictions, of market capitalism. So I see little point in trying to stop it. I believe globalization to be a revolutionary reality. It will keep coming, it will keep changing, and it is up to us to ensure that it evolves in the right direction.

So this remarkable transformation in the discussion, over an astonishingly short period, takes us to the policy phase of the issue: what do we do next? The challenge is to find new responses, and that is what I would like to address this evening.

The initial challenge is to find a working model of global governance. Again, the Davos gurus are starting to move with the times: Claude Smadja says that steady, coherent, corrective action at international level is needed to tackle imbalances and divisions. But I would go further: we have to set objectives, both in terms of substance, and process. On substance, a system that will permit fair and sustainable development at the global level (and here I define sustainability as economic, social, and environmental). On process, a system which provides for inter-connections between governments, markets and civil society. Overall, I define the concept to be the process by which rules are put together, decided upon, and implemented.

From these very general statements, one can pull out what I would describe as two organic principles. The first is transparency. Control of, and of course access to, information is one of the keys to governance, and although the requirement is always true of any society, it was never more immediate, in all senses of the word, than in the modern Information Age.

The second principle is of subsidiarity: the principle by which we tackle subjects at the right level - which means as close to the man in the street as possible. Some people think this goes back to Maastricht. But actually, it is rooted in past practice: that we should only transfer to a higher, or more general, political body those questions which individuals, families, companies, villages, regions, nations cannot decide for themselves. As in Europe, the same questions are valid at a global level: what is the right role of government, what is the right level of government? This of course is a debate we are well used to in Europe, and a debate that is excessively heated at times.

Strange though it may seem, the very existence of this debate gives Europe an advantage in the coming global discussion: all but the most extreme Eurosceptic would accept that European governance is a mixture of local, regional, national, inter-governmental and supra-national practice - even if the debate has not yet finished on which issues need to be addressed at which level.

But I firmly disagree with the notion that the nation state is always going to be the appropriate level to articulate collective preferences. If "collective preferences" are the political mechanism in democratic societies for the identification and creation of

public goods, it is obvious that public goods are created at all different levels of European and indeed global society.

Turning from underlying principles for governance, I see three functions of a governance system: underlying values, efficiency, and legitimacy.

Underlying values are both simple to define in a boiled down way as the set of values shared by the governed group, but their importance is complex: I believe these values are largely responsible for our underlying, self-defined "identity". It follows that values tend to be vulnerable to attack by the forces of globalization, and worryingly easy to distort into violent forms of exclusion.

But for the purposes of our discussion this evening, what strikes me about the debate thus far is that it has focused almost exclusively on efficiency, to the detriment of legitimacy.

For example, people talk about rebuilding the international governance system from scratch, as at Westphalia, or Bretton Woods. At the other end of the scale, the debate tends to focus on piecemeal attempts to build up international governance in the system, such as Koffi Annan's interesting idea of a global compact to "contractualise" international business activity. Somewhere in between are more structured, though still ad hoc, systemic improvements, such as Jacques Delors's idea of an Economic Security Council. In all cases, the laudable goal is to create institutions of global governance that are capable of delivering new rules: but this results in less focus on building political support for these rules. As Fareen Zakaria commented in the New York Times recently, "the economics of globalization are in good shape" (although I'm not even so sure about that) - but "the politics are not".

I think this focus on efficiency has tended to leave the field entirely open to what the press insist on calling the "anti-globalization" protestors, packing their butterfly wings from Seattle to Davos to Prague, back to Davos again and no doubt onto Qatar for the next WTO Ministerial meeting later this year. Their argument is that the current system of global governance lacks both accountability and therefore, legitimacy, and that we have to fix this problem before trying to re-build international organisations.

I have tried to argue in the past that this analysis, whilst correct, is probably premature. Until we have an operational system, until the WTO amounts to an effective instrument of world governance, questions of legitimacy will, by definition, tend to take a back seat. with a weak WTO on the side.

But I have come round to the view that NGOs and civil society can contribute to legitimization by providing for different channels of activity (e.g. mobilisation, advocacy, or indeed simply legal/technical support), and thereby fulfilling a demand for new social intermediaries which is simply not provided elsewhere. NGOs are effectively organising some of societies' different impulses, different responses to global change. We might not always like what they say. But they have a legitimizing function, and they are pressing for increased legitimacy in the system. Over time, that is a crucial contribution to global governance.

On reflection, however, the debate on how to harness globalization has lacked not so much questions of governance, but questions of politics. I have to say that that I am not very keen on the term "governance". It sounds a little too much like "control" - perhaps because it sounds like "governess", or starchy Victorian family values. But conventional politics doesn't capture the essence, so we need a new term: perhaps it is "cosmopolitics".

The word-stem linked to "cosmopolitan" has an honourable heritage, of course, and I am not talking about the glossy magazine (featuring undoubtedly next month, "Meghnad Desai's top ten tips for successful global governance"). Immanuel Kant lies behind the notion, inspiring others, such as Norberto Bobbio's notion of "cosmopolitanism. Indeed, Kant's original Utopian idea of federal association between free republics relies on the notion of global public opinion: Utopian at the time, now fast becoming an Internet driven reality.

The core notion I am not trying to convey is that of urban sophistication, as in the modern (mis)use of the term (indeed, Hitler hijacked the notion with his onslaught on "cosmopolitan minorities"). It is of a wider base to world politics, itself the product of the weakening of "identity" that in turn has resulted from globalization itself. In part, the notion of cosmopolitics describes a new world that is coming into being. But in

part, cosmopolitics is needed in this new world to organise and mediate between different interests.

In relation to the alternative options set out at at Davos and Porto Alegre, the French newspaper Libération argued the other week that neither Davos man ("self-regulation is the way out") nor Porto Alegre woman (a "mixture of lobbying and revolutionary politics") can solve the question. It went to argue that it is difficult to impose international respect for a series of norms on the current model and state of capitalism, whether they relate to labour standards, environment, or indeed a new respect for developing countries, and their ways of doing business.

That is entirely right, in my view. Neither of the two paradigms, perhaps unfairly caricatured by Liberation, can on their own establish international rules, whether in the area of trade or elsewhere - without the organising impetus of a new international politics.

Before I close, a word about how trade and the WTO fits into this somewhat confusing and misty picture. In short, they are part of the story, but not the whole of the story.

The WTO is too weak all round: too weak in numerical terms (around one quarter the staff numbers of the OECD), too weak in institutional terms (the Director General lacks the power of proposal, which is truly bizarre), and too weak in political terms. At once vilified by the NGOs for being the instrument of globalization, at times not fully supported by the business community (multilateral liberalisation being too difficult, and risking the establishment of too many intrusive rules), at times not supported by some key political constituencies in both Europe and the US.

Of course we need to beef up and reform the WTO to bring it into the 21st century (although we must ensure that we bring developing countries with us on this). But the WTO cannot tackle all the problems by itself. Its rule-making capacity is weak, and constrained by sharp north-south differences on the scope for bringing new trade issues within the ambit of the organisation. And most importantly, too many issues relating to the setting of future international norms lie elsewhere in the UN system, in multilateral environmental agreements or organisations, the WHO, the ILO.

In short, and in the short term, perhaps we end up looking for governance in dark corners of different institutions, pulling on cosmopolitical constituencies for support, patching together a policy to respond to new needs. And included in this may be new style self-regulation and co-regulation, exemplified by the OECD multinational company guidelines, agreed finally in June 2000.

But the WTO is the only available trade forum to trade off market access against appropriate new rules. I will continue to press vigorously for the launch of a new Round to handle that negotiation: indeed I hope we are in a position to launch the Round this year. I sense optimism levels rising, even if we have a long way to go. But even if the Round is the best solution available now, it is far from the ideal long term solution. Even though the Uruguay Round broke some new ground, the Round is still seen by many as a mercantilist negotiating device on market access rather than a rule-setting discussion. Ideally, the WTO would become a perpetual negotiating forum, but until then, we will have to press for a new sort of Round - more transparent both to developing country members and civil society; and much more focused on establishing the rules of the road for international trade.

But until then, the WTO is simply too weak. How ironic, given that the WTO remains the demonized super villain of the New World Order, that it is institutionally incapable of delivering even a small portion of the threatened damage to the sovereignty of the nation state !

## **Conclusions**

I have covered a lot, perhaps too much, ground. Let me conclude with the following remarks. If the cosmopolitical world is a conceivable reality - and I do think it is both a likely and a necessary development, Europe becomes a key part of the machinery. If you step back and consider the wider picture, as globalization forces you to do, it seems to me that a fresh look at the whole European project becomes justified.

At the simplest level, Europe has to be big and small. Europe has to be big, because the EU needs muscle to deliver, whether on trade or foreign policy. Small, because Europe has to embrace subsidiarity fully, and ensure that politics is close, and feels

close, to the citizens. But Europe can deliver that - Catalans and Scots both know that devolution is easier to deliver in a wider union of nation states.

So cosmopolitics may simply be about thinking globally, and acting locally. And that is what the EU has to do, too.

Thank you.