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Finance and Trade

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

**REPORTS**

Members will find attached the two reports presented by the co-Rapporteurs.

- Report submitted by Mr. O. Benabdallah (Morocco) ..... Page 2
- Report submitted by Lord Judd (United Kingdom) ..... Page 8

**REPORT SUBMITTED BY**  
**Mr. O. BENABDALLAH (MOROCCO), CO-RAPPORTEUR**

1. Each fundamental aspect of inter-State relations has a specific historical dimension that gradually takes on a multilateral, regional or global institutional form. Presented as a major question or problem, it emerges as a stake in international relations; one that is linked in some way or another to wealth or power and one that explains international relations and the positions of confrontation or negotiation adopted by the actors on the global arena.

2. The inclusion of this topic in the agenda of the 126<sup>th</sup> IPU Assembly, to be held in Kampala, Uganda, in late March/early April 2012, will help deepen the reflection of the Second Standing Committee on Sustainable Development, Finance and Trade.

More specifically, the initiative of recalling the urgency of the question of the redistribution of power and wealth as an international topic is based on a twofold concern: the first being of a strategic nature and the second of a global social nature. For this question to make it to the top of the international agendas or for it to help shape them in a decisive manner, efforts must be redoubled to prepare the groundwork for making this a collective global imperative.

There is no doubt that, with hard work, the subject item before the Second Standing Committee can be applied to international practice (parliamentary, governmental and civil society) and be transposed from the international public space in the form of coordinated reflection and efforts to turn such reflection into concrete action. This perspective implies re-ordering or re-arranging the priorities on the current regional and international agendas.

To better understand the changes in the contemporary world and define the parameters for narrowing the gaps that separate the peoples of the world, a historical and philosophical approach should be adopted to the question of inequality in order to understand why inequality appears to be a social, ethical and political problem.

A good way of analysing the magnitude of global inequalities would be to compare gross domestic product (GDP) per capita in each of the two groups of countries - rich and poor. However, only 10 per cent of the population lends itself to that comparison. To better assess the global evolution of GDP per capita among all the countries of the world, one would have to resort to a series of synthetic indicators to take into account distribution in its entirety (Gini coefficient or Theil index, etc.). Regarding the clear progression of GDP per capita inequality among countries, one can object to the fact that the actual weight or influence of the country is underestimated, thereby affirming the usefulness of a hybrid indicator that has the credit of considering GDP per capita by its relative weight vis-à-vis the global population. But even this convention or method of comparison is somewhat vague, and one realizes that the trends are inversed, notably because of the case of China.

Any attempt to grasp objectively and in an unbiased manner the true global inequalities must be premised on the fact that all inhabitants of each country do not dispose of the same amount of average wealth and that the internal inequalities of each country must be taken in to account, with all that implies in terms of hurdles and difficulties in the definition and methods of calculating income, standards of living and purchasing power parities. This type of thorough analysis allows for an overview of the general trend in evolving inequalities among citizens of the world as global inequalities in the true sense of the word.

Over a very long period, the historical evaluation of global inequalities was based on an analysis of the combined effect of inequalities between countries and the internal inequalities of countries. Different studies have shown that, whatever approach is used, the general trend is towards a steady progression of inequalities between countries and a marked increase in global inequalities throughout the 19<sup>th</sup> and 20<sup>th</sup> centuries. Although at the turn of the third millennium a new order of economic powers seems to be emerging, the wealth and income inequalities are having serious consequences for the international community.

Compared with the early 20<sup>th</sup> century, our planet is 40 times wealthier today. Nevertheless, the gaps of inequality are widening and the process of deepening relative poverty is compounded by a new process: the emergence of absolute poverty. Over that century, gross world product (global wealth) has seen exceptional growth: it rose in 1975-value dollars from US\$ 580 billion in 1900 (US\$ 360 per capita) to US\$ 6 trillion in 1975 (approx. \$ 1,500 per capita). In the mid-1990s, it exceeded US\$ 25 trillion (current dollars) or approximately \$ 4,500 per capita. Since the 1980s, global financial assets have more than quadrupled and never before has more money circulated, never before has so much wealth been produced and exchanged in the world. But even if, according to the UNDP human development criteria, a growing number of persons find their situation is improving, the world today is in fact one of poor people and poverty. Global wealth is turning into poverty for the majority of nations.

This awareness of the nature of inequalities and of the specific context in which they have emerged throughout the world also points to the role of inter alia social, economic and fiscal policies. This awareness thereby facilitates national and international parliamentary action insofar as it can better target proposals and future action in terms of how to tackle the major determining factors of the global phenomenon of inequalities.

It must therefore be noted that, seen from the South and thus the immediate interests of the developing countries, the free trade tendency hardly suffices to bring about a movement of convergence or realignment of economies. Although the most open countries have recorded higher growth rates, the low-income countries remain those who have benefited the least from that liberalization. The fact that middle-income countries are the main beneficiaries of that opening up attests to the kind of conditions required for participating in the benefits of liberalization and globalization.

3. In order to lay the groundwork for a joint report, the Moroccan delegation proposes a number of salient points for reflection based on major facts:

- The first has to do with the fact that, in the area of redistributing both wealth and power at the global level, it is necessary to take into consideration a number of determining factors that are likely to affect the positions, either in principle or depending on current conditions, adopted by States and thus the parliaments that represent them at the IPU;
- The second is of a more general or historic nature, regarding the differences in positions and interests within groups, blocs and like-minded countries that make up the international community as represented at the IPU;
- Lastly, the third has to do with the commonly declared objectives regarding the redistribution of wealth and power in this specific period of change and upheavals in international relations.

4. At a global or inter-State level, population, economic, technical and organizational changes seen over the past years have translated into a multiple redistribution of power resources as follows:

- A gradual change in the balance of power resulting in a reduction of formal resources possessed by certain States and an increase in informal resources possessed by new emerging States;
- A moving or shifting of the capacity of States and political spheres in general to wield power or influence onto civil society organizations;
- A transition between centres of gravity or geographic centres of power and global influence; and

- A process of distributing power as reflected in the relations between members of the global political and economic space, owing to the fact that, henceforth and increasingly due to the effects of globalization, there are fewer reserved and exclusive preserves.

Global power, which entails the two principal informal sources of all power - the holding of information and the possession of skills - is not a good that be accumulated and used at certain times. This power denotes a type of relationship between States or groups of States.

The end of the 20<sup>th</sup> century witnessed the unfurling of a new process of globalization. The existing order was openly thrown off balance and a new order of economic powers was put in place with accompanying changes and shifts of power. The early 21<sup>st</sup> century has seen two major changes on the global power scene. The first is feared to be a transition or shifting of powers from one region to another as seen through the emergence of the East and its desire to become once again the centre of the world, its engine of growth and its driving force. The second change denotes a distribution of power from the traditional State centres to extragovernmental spheres or bodies.

The transition of powers is consecrated by the amazing rise of Asia. This rise is illustrated by a renaissance of sorts of this great region of the world or its comeback as the centre of development and global influence. The momentum underway in Asia is rearranging the global space and is helping to redeploy the spheres of power that give an indication of what the new order of economic powers will be under 21<sup>st</sup>-century globalization.

The distribution of powers is a result of the remarkable communications and transport revolution. Lower costs in both sectors have been bolstered by a virtual removal of entry barriers in terms of research and exchange of data and information. This confers real and new powers to bodies and spheres that traditionally are not part of the power game. This distribution of capacity and skill, as limited as they are, strengthens initiatives aimed at exerting influence, making one's voice heard, making one's point of view known and subsequently, making it prevail. This therefore creates centres of power that will be consolidated, moving from the virtual to the potential to the real.

As these centres and spheres of power identify and pursue their targets, they will develop experience and power to influence and steer things in a direction that is favourable to them or one which seems to be the most suitable or useful to them.

5. It is this meaning that seems most to capture the objective of redistributing power. This is a departure from the traditional concept of world power as one that can be summed up by its military dimension or one whose only expression or connotation is force.

There is good reason to reflect on world power and the requirements of its redistribution based on the needs and aspirations of the international community. Today, the international community wants to influence its own destiny although in some aspects, it does not even seem to be aware of itself. Gradually, the international community has managed to arrive at a common understanding of human rights. It is moving towards enshrining as universal values the right to democracy, freedom of thought, conscience and religion, the right to information, transparent justice, cultural diversity, the right to knowledge and education, to water and health, and the right to a healthy environment, among others.

In short, these are all ingredients that make for new ways of exercising power in the world along with an awareness of the global reality. This reality is translated by the strong interdependence of the world's inhabitants, who inter alia, account for the lion's share of cross-border trade, huge financial flows and labour force. This perspective is consolidated by a series of technological developments that promote greater convergence and integration.

These changes, which are veritable transformations, have ramifications for the new modalities of global governance. The question of democratic control of the world and thus of the huge problems and challenges it faces and the responsibility for regulating the general interests of the world remains.

6. In a greatly diverse and complex world, in a networked world, the multilateral institutions do not operate coherently to manage the major problems facing humanity. This is precisely because the operating logic of this group does not integrate - or if so very little - the kind of changes taking place in the world as they relate to the requirements of global governance.

Indeed, the consequences or repercussions of the current global crises in a dynamic and uncertain world have prevented the international community from making the distinction between the international decision-making power of the economic powers and purely economic stakes. The same is true of the establishment of new global governance frameworks and bodies that take into consideration in both their reasoning and calculations the full spectrum of diverse and intertwined variables that can influence the world's realities.

The crux of the problem lies in how power is conceptualized and practised on the global scene as a show of strength. This is a misconception, which reduces the conduct of international affairs to a mere question of dominance and force.

For the reasons cited above, power in the world must be re-arranged, re-organized or remodelled. Global power must correspond to the international community's ability to act in a concerted manner. Global power must neither become nor remain the preserve of a privileged few. It must not be exercised or organized as might or authority, which are the features of an independent and singular entity.

Building real power entails clear rules for sharing and using that power. Careful consideration must be given to the conditions and material means of existence and recognition of such power. But the essential ingredient is the political will of the international community to construct global power and guarantee that it will be improved and perfected and that it will last.

True global and democratic power is only possible if those who intend to construct it are willing to submit and adapt their domestic laws and external relations to it. The international community's willingness to enhance global governance should not be confused with an abstract general interest. It should not be identified or associated with the concrete but specific will of a dominant group of States and thus to only a section of the members of the international community.

It must rather flow from a collective universal will and be translated, consequently, into a global desire for sovereignty. That can be very easily conceived if one thinks of the future of humankind not as a battle between the weak and the strong in the quest for dominance, but as aspirations and plans for cooperation among its members. It is in this light that the question of the redistribution of power in the world seems useful.

7. On an operational level, the question of the redistribution of power aimed at enhancing global governance and thus a global democratic power must take into account the modalities that set the agenda priorities on the international arena.

Action to achieve objective global governance implies the use of modern sensitization tools and working methods. Each in its area, the international agendas have facilitated heightened awareness and accelerated the ability to effect change. However, too many items on most agendas have not seen follow-up action. Not only do they weaken the scope of statements, they also exacerbate a little more the resignation felt by so many.

Is more voluntarism and monitoring required for them to have the desired impact? Or are other modalities of engagement needed to win the battle for a new world order of social, economic, environmental and cultural values and standards? Should efforts focus solely on the modalities and way the leading international organizations function? Or should the role of democratic action of civil society organizations be strengthened in the face of the "divergences and deviations" of the world's public authorities?

These elements can no doubt enable global mechanisms to function better and to better reflect democratic ideals, the very foundation of good governance, as illustrated below:

- First, greater pluralism is needed in order to enlarge the space that can be occupied by non-State actors likely to influence public action and hold the powerful players to account; and
- Second, more democratic reconfiguration and deep reform of the international organizations is required with a view to making them more representative, transparent and accountable in the decision-making process.

These two options have been on the agenda for a long time. To give but two examples, let us turn to two high-level global governance entities: the UN Security Council and the WTO.

The planned reform of the Security Council has left an impression on people's minds of the image portrayed of the United Nations as the "Club of Five". This reform of the Security Council has remained on the programme of the UN General Assembly since 1979 because the ultimate objective of "a more representative, more responsible and more open Security Council" was sadly lacking. The idea of redistributing power and expanding participation and involvement was inconsistent with the structural inconsistencies of the international system. It is undermined by the relentless competition among those seeking entry and the fears of the oligopoly in place.

Although the establishment of the WTO was lauded as an undeniable step forward, the same is not true for its working methods and accomplishments. The WTO comes across as the least transparent of international organizations; it does not confer onto all countries the possibility of participating effectively in negotiations and decisions. Within the WTO and in practice, only a handful of large industrialized countries exert significant influence.

8. It should be recalled that implementation of the targets set on the regional and international agendas remains unsatisfactory. Much like the UN decades for development in the 1960s and 1970s, the initiatives taken at the turn of the new millennium at the international level, such as the New Partnership for Africa's Development (NEPAD) in the economic sphere and the Millennium Development Goals (MDGs) in the social sphere find it hard to forge ahead.

After a phase dedicated with much ado to "developmentalism", the construction phase of global governance of the environment turned out to be short-lived. Today, although the centre of gravity of the development-environment balance seems to be heading in the direction of the poverty-related MDGs, the main reason for that sudden turn is that the problem of the nature and responsibility of global governance persists. Short of paving the way for a redistribution of wealth in tune with the transformation and needs of the international community, the world is wallowing in a sort of permanent economic adaptation strategy with its share of crises and chaos.

9. In order to enrich the debate on our draft resolution, one should bear in mind from the very outset the main determining factors of the transformation we are witnessing at the turn of the third millennium on the international scene: a shift from an approach of direct confrontation or competition for power to one that seeks to go beyond the stakes of power to pave the way for cooperation and convergence.

Unquestionably, the vestiges or reflexes of confrontation, triggered by the domination of one geopolitical concept of the world, are gradually giving way to an awareness of the fact that certain State initiatives are losing ground. Indeed, their roles of supranational regulation (regionally or globally) are changing in the context of economic globalization, notably with the emergence of ecological, humanitarian and even existential stakes.

The subject item "Redistribution of power, not just wealth: Ownership of international agendas" sheds significant light on the concerns linked to the modalities for constructing the main pillars of sound global governance and a strategic, economic and cultural plan. Posed by the IPU, the question attests to a political will to build such governance as it heeds the strong call for the

redistribution of global power not only by emerging powers and countries, but also from whole sections of the international community inspired by peace and true democracy in international relations.

From an economic and political perspective, frustration in the developing countries over the unequal distribution of power grows deeper. The current management of security and global economic affairs almost universally elicits the feeling that global cooperation must change to improve, prevent and manage a multitude of problems. Not just the problems from which the inhabitants of developing countries suffer and which remain neglected or only partially taken into account, but also the problems and crises that affect all countries and all members of the international community.

The numerous critics of poor or non-existent global governance focus the spotlight on the global institutions and decision-making processes. They underscore the need to enhance the capacity of these institutions to integrate change, to make their mode of functioning more democratic and to improve their efficiency. The major stakes involved are varied: peace and security, human rights, environment-friendly development, ecological viability, gender equality, guarantee of livelihood and improved social status, an autonomous global civil society, realization of the democratic potential of parliamentary action, and the creation and deepening of democratic links at the local, regional, national and international levels.

10. With a view to re-ordering the current international agendas or even proposing a cross-cutting international agenda that aims to deal with the question of the redistribution of power and wealth, the IPU initiative on the subject provides some preliminary food for thought if only through its efforts to examine the intricacies of global power, and its objectives as they relate to the challenges and expectations of the international community.

Consolidating democracy at the global level implies giving more space to the various members of the international community in order to hear their voices and share their concerns, enlarge the political space given to various civil society actors, and involving more the developing countries in the decisions taken by the international institutions. Such efforts must take into account the realities of global power and offer a glimpse of the best solutions that meet the needs of both developed and developing countries through enhanced global cooperation. Such efforts must allow the voices of the marginalized and neglected to be heard and must be attentive to the common problems and interactions of the entire world.

The current modes of governance are clearly not in tune with the urgency and complexity of the contemporary problems facing the world. As productive as they are, the proposals for a new type of governance are confronted with the modalities of remodelling the different components of our increasingly open societies and managing and organizing relations among them in a world that operates with a new logic of integration.

**REPORT SUBMITTED BY  
LORD JUDD (UNITED KINGDOM), CO-RAPPORTEUR**

The indispensable reality of our very existence is that we live in a totally interdependent world. This is true in terms of climate change, health, finance, trade, resources and security. History will judge our generation of politicians by how far we succeed in ensuring a sustainable response to these challenges. There is no time to lose. The survival of the species is at stake. Climate change and the global financial crisis make clear that so far we are not doing very well!

The purpose of this paper is to argue that if we are to succeed we need urgently to change our system of governance and our outmoded international institutions. Too often economic and financial power are unaccountable, corrupted and out of control. Global institutions are at best remote and at worst threatening to the majority of people in the world. Most people everywhere seek their own wellbeing and that of their children and grandchildren. This is not only in material terms, although that desperately matters. They also seek their security, human rights, dignity, self respect and personal significance and their sense of identity in the ordering of society. Hence the Arab Spring, social unrest in parts of Asia, conflict in Africa and the popular "street" movements in Europe, North America and Latin America. The phenomenal growth of the Chinese economy, and those in other parts of Asia, underlined by the significant development in the economies of nations like India and Brazil are already manifesting the signs of social stress, particularly where the gaps between the wealthy and the poor are growing.

It is imperative to address the accountability of power and to establish on the local, national and international level political institutions which represent the demographic and cultural world as it is in 2011/2012, not just as it was seen by some to be in 1945. The role of women in political life is central to this. Unless we do more in general and do it fast, extremism, alienation and terrorism will inevitably be in the ascendancy.

For those who had experienced the brutality, destruction and horror of the Second World War, the rights of people were recognised as never before to be central to a sustainable stable world. IN 1945 the preamble to the Charter of the United Nations expressed this 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,"

Article 1.3 of the Charter takes up the theme:

"To achieve international co-operation 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"

### **New Realities**

Measured against the aspirations of world leaders of sixty-six years ago the statistics of today are stark.

Out of a global population of around 6.8 billion people, only just over 1 billion people 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.

Increasingly the G20 is the premier decision-making forum for global problems and yet more than 2 billion people are not living in countries included in its membership. This means that 35 per cent of the world's population have no say over economic or political decisions that will ultimately impact on them in a globalised 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 these richer countries who set the agenda<sup>1</sup>.

### **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 Middle Income and Least Developed Countries. This growing population has to face some intractable problems. Climate change is already having a severe impact on the world's poorest. As a result of past behaviour further temperature rises are already inevitable and if we are not able to peak 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.

But climate change is not the only global problem. Resources like arable land and water are becoming scarce. Furthermore we are reaching the limits of our ability to increase the yield of crops – with growth slowing to 1 per cent. Our capability to feed ourselves is under threat.

Yet it is not these problems of resources or even a changing climate that are causing people to go hungry today - but inequalities of power. It was such inequalities of power which meant that whilst food prices began to rise, the US Government's biofuels laws resulted in nearly 40 per cent of US corn crop going into ethanol production for fuel rather than food production in 2010. It is also inequalities of power which mean that, since the year 2000 investors have bought up, or are negotiating on, 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 challenge 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, and not just resources, has to be redistributed.

### **Democracy in rhetoric but not in practice**

The principles of sovereign equality between nation states, and of democracy, have been advocated as the global norms by which current global challenges can be addressed in such a way to offer future prosperity to all. However the practice of international relations often falls short of this ideal.

International processes and mechanisms to problem solve too often reflect the priorities of those in positions of power – of those who created the problem - not the needs of those most severely affected. International Climate Negotiations focus on the agendas of the richer nations who are able to play a game of brinkmanship to offer the least in terms of emissions cuts or climate finance. They are able to supply large teams of negotiators whilst those countries most urgently affected such as Bangladesh, or small island nations find themselves in effect pushed to the periphery of discussions. Similarly the World Bank has a mandate to combat poverty and a focus on developing countries, where it often wields enormous power. Yet developing countries have little

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<sup>1</sup> <http://data.worldbank.org/sites/default/files/gstable6.pdf>

say in how it is run. Furthermore informal "gentlemen's agreements" forged after the Second World War still dictate the practice that European Governments select the head of the IMF as long as the US gets to choose the chief of the World Bank. The World Trade Organisation is similarly and provocatively unrepresentative in its structure and operation.

The erosion of trust in such multilateral institutions, and the growing perception that international cooperation is undermined by those in power is not just a problem for the global poor. Such cooperation and institutions are indispensable in the safeguarding of global goods and the security of us all, whatever our economic condition.

These institutions need to be reformed if they are to remain relevant and able to help a shifting and increasingly multi-polar world tackle problems of climate, resource constraint, 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.

As things stand, the World Bank, as a supposedly development institution, has a voting structure which undermines its effectiveness and legitimacy. Developing country governments have called for the introduction of parity of voice between developed, and developing and transition countries, as a first step. This should allow for voting shares much better to reflect population size in recognition 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 for 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 on the board. Having an additional African chair 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, whereby the USA 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 8 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 has relentlessly demonstrated the imperative for Europe itself to move towards more effective financial and economic coordination. The viability of the Euro depends on this.

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

However, suggested reforms to the IMF and World Bank however do not fully meet the democratic deficit implicit in many of the global problem-solving fora. The recent financial crisis has profound effects for rich and poor countries alike, with research by Oxfam<sup>2</sup> concluding that the crisis that started in Northern Banks was responsible for a \$65bn dollar hole in the budgets of developing country governments. However, responses to the financial crisis were in effect the preserve of the G20, or even the G8. In 2009 the President of the United Nations 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 G-7 or G-8 or G-20, but the representatives of the entire planet, from the G-192."

The recommendations of this Stiglitz Commission for a Global Economic Council - at a level equivalent to the General Assembly and the Security Council - should be taken forward. Such a council should meet annually at the Heads of State and Government level to assess developments and provide leadership in economic, social and ecological issues.

Representation should be based on the constituency system, and designed to ensure that all continents and all major economies are represented. It could thus provide a democratically representative alternative to the G-20.

## **Secretary General and Security Council of the UN**

If all these arrangements apply to the World Bank and IMF and WTO they must even more apply to the appointment of the Secretary General of the UN itself. 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 at present 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 enables 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.

## **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. The inherent inequity of this is aggravated when those least responsible for the dangers are those least well resourced to adapt to their effects. Those on the front-line of the impacts of climate change include smallholder women farmers in developing countries, but 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 in 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 between rich and poor countries in a common future.

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<sup>2</sup> [http://www.oxfam.org.uk/resources/policy/economic\\_crisis/downloads/rr\\_gec\\_and\\_developing\\_countries\\_summary\\_en\\_280510.pdf](http://www.oxfam.org.uk/resources/policy/economic_crisis/downloads/rr_gec_and_developing_countries_summary_en_280510.pdf)

The governance of climate finance must be fair and above all rooted in the principle of equity. The industrialised countries which have contributed most to generating the crisis must shoulder a major burden in confronting it. Those countries already struggling with the challenges of acute poverty and food and energy security cannot be expected to bear the main brunt of the cost. Developing countries must therefore be strongly represented in global decision-making in the future climate finance regime and they must be able efficiently and directly to access finance and technical support. Agendas must invariably reflect the perspectives of the less affluent nations no less than those of the most affluent. Furthermore climate finance must be spent according to national plans and priorities – in consultation with national stakeholder groups especially women.

Governments have a good opportunity at the forthcoming RIO+20 conference to reinforce a representative and fair and equitable international system for the management of global environmental matters. Despite the failure so far to reach a global deal there is no alternative to a multilateral, transparent and equitable UN process for addressing climate change if the priorities and needs of developing countries are to be heard. Whilst fora like the G20 may be appropriate for discussions on the mobilisation of climate finance, which is a task facing richer nations, the negotiations must remain within the auspices of the UNFCCC – firmly in the context of a commitment to its principles including equity, common but differentiated responsibility and respective capabilities.

### **Corporate power**

Although older democracies in richer nations do not have formal barriers to political participation, public disengagement is nevertheless evidenced in them. The outcome of elections is increasingly decided by a minority of a countries' 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 figures are in the highest levels of decision-making.

In the European Union, for every MEP there are 12.5 registered lobbyists representing the financial sector. Over the last 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.

### **Conclusion**

Leaders of the Western Powers repeatedly preach democracy and accountability in nation states as the key to enduring global security. This is a convincing argument. But these same leaders must therefore recognise that at the global level such democracy and accountability for the world community as a whole is conspicuous in its virtually total absence. This inevitably provokes alienation, extremism and insecurity.

At all levels governance systems which fail to address power imbalances are themselves bound to failure. Thus success in solving the global challenges before us demands that we urgently re-examine the governance of our international institutions and the arrangements between nations as well as our processes within nations. At the heart of essential reforms should be the principles of transparency, accountability, equality and inclusion. In recognising this, we must always also recognise that effective international accountability depends upon strong inclusive, vibrant, local, regional and national systems of democracy.