

Initiatives for global democratization¹

NIGD and the Finnish Ministry for Foreign Affairs launched the North-South Dialogues-process in spring 2001. The process was set (i) to develop new ideas about democratizing globalization and (ii) to evaluate these ideas and a number of other prominent political initiatives. The basic aim has been to develop a map for concrete actions. It is important to distinguish between the desire and the possibility to carry out reforms; and between political possibilities for and feasibility of the proposed arrangement. While certain reforms are clearly more desirable than others, not all reforms are equally realisable or feasible. The work done thus far has generated a general strategy of how to best further world democratization.

In the first phase of the North-South dialogues project, NIGD organised a brainstorm session among political decision makers, representatives of civil society and academia from both North and South. The June 2001 meeting focused on identifying initiatives on global democracy². In the second phase, NIGD contracted experts from the global South to conduct unique reports of evaluations and rankings of the five most prominent initiatives³. In addition, and as a complement to the North-South Dialogues process, NIGD has conducted its own mapping and evaluation of initiatives on global democracy⁴.

Global democracy is best conceived as a process of democratization, which means that we should not aim for a single model of democracy but rather for a process of open-ended democratization.

Reforming the existing institutional arrangements

1. The United Nations system, the only truly universal global organization, provides potential for serving as a forum for democratic global political decision making. Because of its central role, many have focussed on UN reforms. There are numerous concrete initiatives to democratise aspects of the UN system.

The Bretton Woods institutions' original economic mandate was to facilitate the functioning of the international monetary system (IMF) and to lend money to poor countries for developmental purposes (the World Bank). However, in the last 25 years, the structural adjustment programmes of the IMF, in particular, have created large-scale resistance around the world. The consequent calls to reform the IMF and the World Bank are thus countless.

Samir Amin summarises the feelings of many when he says that the UN has turned into a puppy dog that cherishes its master, while the BWIs serve as the propaganda machinery of the US⁵. All NIGD's southern evaluators agree that any significant reform of the Bretton Woods Institutions and the UN system is next to

impossible given the veto-regime of the UN and the strong US dominance of both organizations. Since mid-1990's, the World Bank and the IMF have both invaded UN turf by assuming increasingly political roles. While the UN has kept to its original mandate by not becoming involved in economic matters, the BWIs have gained yet more strength by occupying more global responsibilities.

The only possibility for real UN reform would be to make the UN financially more independent and thereby empower it to act in the interest of the United Nations as a whole rather than in the interest of any particular country. One way of achieving financial independence for the UN could be through global taxation (see below, point 7).

2. From the point of view of democracy, the problem of the World Trade Organization is two-fold. The first problem concerns the undemocratic nature of the WTO "trade liberalization" practices and procedures. The second problem concerns the effects of power of various WTO agreements, i.e. the way they impose a detailed and radical neoliberal political programme on all member states. The WTO-reform proposals⁶ include calls for transparency, easier access to information and meetings, a democratic accreditation procedure for NGOs, an ombudsman mechanism, and the set up of a preparatory body representing all continents equally. In addition, many initiatives concern revising the substantial logic of "trade liberalization". No one development strategy suits all circumstances and, also, many different development strategies are workable.⁷ Democracies must be able to choose and develop different models. Enhanced policy autonomy through financial reforms may be a prerequisite of successful WTO reforms.

Creating new institutional arrangements

3. In their evaluations, the southern experts⁸ unanimously ranked the strengthening of global civil society, particularly the World Social Forum, as the initiative deserving most support. The World Social Forum⁹ has emerged as a new spectacular force of social mobilization as a counterweight to the post-war situation dominated by neoliberal paradigm¹⁰. The WSF combines North and South, mass based movements and professional NGOs, old and new left, liberal reformism and anarchism, and very different cultures. This pluralism has made it less vulnerable to petty power struggle, envy and belittlement by rival initiatives. The WSF provides the space for agenda formulating¹¹ that many actors in the South have called for. Many organisers and observers are suspicious of using commonly agreed or already-accepted norms in collective decision-making. The fear is that it is precisely these norms that most deeply represent homogenized and/or dominant culture. To the extent that this is recognized, the Forum has the potential of playing the historic role of forging new norms and new vocabularies.¹²
4. The Southern evaluators of different initiatives see a forum for North-South reconciliation, perhaps in the shape of a North-South truth commission¹³, as a facilitating factor, perhaps even as a prerequisite, of global democratic reforms. In their view, the reconciliation process is crucial in creating confidence between the North and the South in fostering *common democratic* goals. However, the success of such a forum or commission depends crucially on the support that its agenda formulation and problem solving mechanisms would generate.

5. A related set of initiatives is based on the concept of partnership on development¹⁴. The concept needs to be decoded and thoroughly rethought. How would it be possible to make these partnerships on development equal and democratic? A real partnership must be based on genuine dialogues rather than on “consultations”, which unfortunately often take place in the form of monologues.

6. Not only has the debt-dependency severely narrowed the possibilities of the national policies of the affected countries, but it has also affected world politics in its international forums of the UN system, the Bretton Woods institutions, and the WTO. Thus, the third world debt is by many seen as a “new form of colonialisation”, and consequently, many envisage resolving the debt problem as a prerequisite for global democratization. Widespread initiatives for setting up a debt arbitration mechanism would have far-reaching consequences, yet they are only about applying simple and well-established domestic principles to international debt.¹⁵ The opinions may differ on the details of such a scheme. It is clear that any fair debt arbitration would allow for autonomous economic policy making by the debtors. The Jubilee 2000 campaign succeeded in raising awareness of the issue and achieved success in bringing the issue on the global agenda. However, this was only a first milestone in the process and, as also Mark Malloch Brown of UNDP recently said in Helsinki, the campaign stopped just at the point when it was beginning to get real results – and the debt problem itself is more acute than ever.

7. Overseas Development Assistance has been decreasing for years and, despite occasional promises to give more, there are few signs of a significant reversal of this trend. Few countries provide the agreed 0.7 % of their GDP, most much less than that. In fact, the South pays much more in annual interest and principal to the North than it gets back in (often severely conditional) development assistance. Foreign Direct Investment (FDI) has increased over the years, but the flows seem to favour certain countries or regions – and the question of the conditions of the FDI actually benefiting host countries is a hotly disputed one.

Some argue that the funding needed to eradicate absolute global poverty would be only about 1 % of the GDP of the rich countries. Yet, this money seems to be difficult to find. This is one reason for the emergence of the several proposals on global taxation, where the revenues would go to global common goods such as financial stability, poverty reduction, investments in health and education, rainforest preservation, medical research or environment protection to name a few. The proposed targets of the taxation range from air fuel, air plane tickets, stamps, and diamonds to currency transactions and e mail messages.

From a global democratization perspective, the proposal on currency transactions tax (CTT) emerges the strongest. CTT was first suggested by James Tobin in 1972, and since then reiterated and developed in hundreds of proposals.¹⁶ A small tax on currency transactions would not only generate important sums of money for important causes. It could also curb financial speculation which today disciplines states and causes regular financial crises, besides contributing to the sweeping neoliberal transformations all over the world. In order to ensure the equal redistribution of the global part of tax revenues, it is essential to set up a democratic organisation to govern the tax and its revenues.

8. A straightforward projection of the domestic models of democracy tends to result in proposals for a world parliament or global referendum¹⁷. Various proposals about a UN People’s Assembly also fall in this category. Most proposals lack,

however, a vision of how this could be realised (and with what consequences) and what the powers of the global parliament should be. A better starting point could be to think of global democracy in terms of a combination of partially overlapping functional and territorial systems of governance. A representative global assembly should not be envisaged as the sovereign centre of the world system. Rather there is a quest for finding more imaginative roles to a representative assembly in the complex systems of (perhaps) increasingly democratised global governance.

Summary of the results: a plan for the first steps in global democratization

The empowerment of the global civil society is a necessary element in a strategy for global democratisation. Although widespread participation is essential for democracy also in world politics, a major problem is that Southern movements, unions and NGOs lack the resources to participate in global processes. They need support, channels to be heard and resources to analyse the global situation and develop new factual and normative knowledge.

The establishment of a debt arbitration mechanism and global taxes – and the currency transactions tax (CTT) in particular – emerge as the most important possibilities for immediate reforms. Since many crucial mechanisms of power in the global political economy are based on financial dependency, both the creation of a debt arbitration mechanism and the CTT would have major impacts. They would relieve the dominance of global finance and the Bretton Woods institutions over states, the rule of law and democratic politics. A debt arbitration mechanism and the CTT could also be exemplary democratic arrangements themselves.

As regards reforming existing institutions, the democratization of the WTO seems most feasible. Despite its rapidly expanding scope and powers, the World Trade Organisation (WTO) seems to be the existing multilateral arrangement that is most susceptible to democratic change. The one country/one vote rule on which it is in principle – although not in practice – based makes changes possible, however difficult. Reforms would have to focus, primarily, on reducing and redefining the scope of the WTO and, secondarily, on democratising its preparatory process, decision-making procedures and dispute settlement mechanisms. The WTO reforms will be uncertain and contingent on first making the bulk of Southern more autonomous by relieving the financial pressure and conditionality they now face.

This strategy outlines a politically possible and feasible path that does not, however, exclude other possibilities. The components are not exclusive – on the contrary, there are other good initiatives that walk hand-in-hand with this strategy. Reforms should also create new opportunities for further reforms.

Concretising the vision of global democratization

This work continues in a number of concrete mutually supportive projects:

- *Research on the debt question:* Work on third world debt, which seems to have been going downwards on the list of priorities, needs to be revived. Governments need clear and detailed plans for a debt arbitration mechanism. Civil society has a role in formulating discussion papers and formulas. Although a lot of work has

already been done, details of the debt arbitration mechanism need to be developed further and potential links to a North-South truth commission explored.

- *Coordination of civil society in support of a draft treaty on currency transactions tax*: A draft treaty on currency transactions tax has already been produced¹⁸. The text is now being commented and revised by European civil society actors.¹⁹ The challenge is to keep this process open and global. NIGD is also working to get support for the idea that the state organising the international conference on the CTT should be from the South, e.g. Brazil.
- *Research on WTO*: Detailed and in-depth studies of the political possibilities and practicalities of concrete reform proposals. Thus far insufficient attention has been given to the democratic implications of different reform proposals. Also the agrarian question on global capitalist agriculture needs to be explored from a Southern point of view. In the South some 70 % of the people live off agriculture while the corresponding figure in the North is only 5 %.
- *Work on following, analysing and supporting global civil society developments, in particular the WSF-process*: Civil society produces many initiatives and lots of information. At present, there is no mechanism to catch, compare, analyze and structure this output. Global civil society is dominated by Western European NGOs. NIGD is focussing its energies on identifying positive developments in other regions and supporting trans-regional networking.
- *Building a transnational public sphere*: The existing fragments of global media are very Anglo-Saxon and largely oriented to the concerns of the ruling elites of one or two nations only. New channels reflecting alternative visions need to be constructed, developed and the material widely distributed. There is urgent need for independent information, research and media networks to identify democratic practices, struggles, dreams and dramas being unfolded and enacted in different parts of the planet Earth²⁰. NIGD has outlined a new major project on contributing to the building of democratically organised global public sphere.

ENDNOTES:

¹This text summarizes and builds upon NIGD's work conducted within the frames of the North-South Dialogue process. The process (2001-2002) has been funded by the Finnish Foreign Ministry of Finland. To make the paper stronger, I have also added results from other NIGD projects.

²See Rikkilä, Leena & Katarina Sehm-Patomäki, eds., (2001a): *Political Initiatives to Democratize Globalization*, NIGD Working Paper 1/2001: Helsinki & Nottingham, and Rikkilä, Leena & Sehm-Patomäki, Katarina, eds., (2002): *Democracy and Globalization: A North-South Dialogue, Elements for Discussion*, Ministry for Foreign Affairs, Helsinki.

³The evaluated initiatives were strengthening of the WSF, setting up a North-South truth commission, reform of the UN system, global taxation and redistribution, reform of the Bretton Woods institutions, and a joker (the experts were encouraged to add important ideas omitted in the given setting). Examples of other initiatives are Global lottery, glocal (people's) university, the set up of a Global Justice Fund, an international Conference on Global Democracy and the set up of a global democracy pact/charter. For further details see Rikkilä, Leena & Sehm Patomäki, Katarina, eds., (2002): *From a Global Market Place to Political Spaces – the North-South Dialogue Continues*, NIGD Working Paper 1/2002: Helsinki & Nottingham.

⁴ Patomäki, Heikki & Teivainen, Teivo (with Mika Rönkkö) (2002): *Global Democracy Initiatives: The Art of Possible*, NIGD Working Paper 2/2002: Helsinki & Nottingham.

⁵ Amin, Samir (2002): "The priority of strengthening social movements on a global scale", in Rikkilä, Leena & Sehm-Patomäki, Katarina, eds., (2002): *From a Global Market Place to Political Spaces – the North-South Dialogue Continues*, NIGD Working Paper 1/2002: Helsinki & Nottingham.

⁶ Groups working on WTO reform are, for instance, SEATINI (<http://www.seatini.org>), Third World Network (<http://www.twinside.org.sg>), Focus on the Global South, African Trade Network (<http://www.twnafrica.org>), Peoples' Global Action (<http://www.apg.org>), Public Citizen (<http://www.citizen.org>)

⁷ Dani Rodrik has developed these arguments in dome detail, see, for instance, Rodrik, Dani (2001): *The Global Governance of Trade as if Development Really Mattered*, UNDP Background Paper, New York, October 2001.

⁸ The five evaluator teams consisted of teams representing Africa, Asia and Latin-America.

⁹ See <http://forumsocialmundial.br>. WSF III takes place in Porto Alegre, Brazil, in January. While WSF I (2000) focused on identifying problems and WSF II on initiatives, WSF III (2003) will develop strategies for how to build a different world.

¹⁰ Wallgren, Thomas (2001): "An Analysis of the Success of the World Social Forum", in Rikkilä, Leena & Sehm Patomäki, Katarina, eds., (2002): *From a Global Market Place to Political Spaces – the North-South Dialogue Continues*, NIGD Working Paper 1/2002: Helsinki & Nottingham.

¹¹ Yash Tandon at the Workshop in Helsinki in June 2001.

¹² Jai Sen (2002): "Are other globalizations possible? The World Social Forum as an instrument of global democratization" in Rikkilä, Leena & Sehm Patomäki, Katarina, eds., (2002): *From a Global Market Place to Political Spaces – the North-South Dialogue Continues*, NIGD Working Paper 1/2002: Helsinki & Nottingham.

¹³ As first suggested by Yash Tandon/SEATINI at the Helsinki workshop in June 2001, and in some form further researched by CMI/President Ahtisaari's Office.

¹⁴ Steve Kayizzi-Mugerwa (2001) "Africa and the Donor Community: In Search of a Partnership for Development" in Rikkilä, Leena & Katarina Sehm-Patomäki, eds., (2002): *Democracy and Globalization: A North-South Dialogue, Elements for Discussion*, Ministry for Foreign Affairs, Helsinki.

¹⁵ As suggested by, for instance, AFRODAD, the African Forum and Network on Debt and Development, see <http://www.afrodad.org> for several papers on the issue.

¹⁶ NGOs working on currency transactions tax-issues are, for instance, ATTAC, <http://www.attac.fr>, the Halifax initiative, Canada, <http://www.web.et/~halifax/index.com>, CIDSE, Brussels, <http://www.cidse.org>, War on Want, London, <http://www.waronwant.org>, the Tobin tax initiative, <http://www.ceedweb.org/iirp>. Most recently the government of Germany and George Soros have spoken on the need for a currency transactions tax.

¹⁷ See, for instance, the web pages of the following organizations: the World Federalist Association at <http://www.worldfederalists.org>, Coalition for Democratic World Government at <http://www.cdwg.org>, Comité d'action pour un parlement mondial at <http://www.parlementmondial.com>.

¹⁸ Patomäki, Heikki and Lieven A. Denys (2002): *A Draft Treaty on Currency Transactions Tax*, NIGD Discussion Paper 1/2002, Helsinki and Nottingham

¹⁹ The process is beginning with two workshops in the European Social Forum, 7-10 November 2002 in Florence, Italy. These workshops will be followed by rounds of national discussions. The feedback will be summarised and developed into a widely accepted list of amendments.

²⁰ Sheth, D.L. et al (2002): "Making institutions compatible with southern movement aspirations for a democratic order: a minimalist perspective", in Rikkilä, Leena & Katarina Sehm-Patomäki, eds., (2002): *From a Global Market Place to Political Spaces – the North-South Dialogue Continues*, NIGD Working Paper 1/2002: Helsinki & Nottingham.