

THE HELSINKI PROCESS ON GLOBAL GOVERNANCE: SOME COMMENTS AND SUGGESTIONS

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I. INTRODUCTION AND BACKGROUND

The present global situation has reached a critical stage. The development crisis is continuing, with many poor countries continuing to be mired in debt and suffering from low commodity prices. Previously "successful" developing countries are meanwhile also facing debt crisis or a situation of near debt default. It is increasingly being realised that the global financial and trading systems are not working to the advantage of the poor. There is a crisis of confidence in the process of economic globalisation, which only a few years ago had been so much in vogue. Meanwhile the global environment crisis gets worse, whilst the failure of Johannesburg Summit underscores the dangers of big powers abandoning the framework of partnership and multilateralism in an area where the fate of the Earth itself is at stake. Added to these serious problems are the recent threats to peace and security caused on one hand by the incidents of terrorism and on the other hand by the increasingly unilateral and aggressive responses of the United States.

It is thus very timely and relevant that the Helsinki process on global governance is taking place. The many various problems---economic, financial, trade, development, peace and security, environment---are all connected to the clearly inadequate and often damaging systems of global governance. Reforms to these governance systems are urgently needed, now more than ever before, to prevent a series of catastrophies that could well occur in the next few years.

This paper is in response to a request to provide ideas, comments and suggestions on the Helsinki process on Global Governance and how it should proceed. I was involved in preliminary discussions on the Helsinki Process during my visit to Helsinki in May 2002. Subsequently I took part in a workshop on this Process during the WSSD in Johannesburg in August/September 2002 and I also participated in a planning/brainstorming luncheon meeting on this topic.

The ideas here are based on my (incomplete) knowledge of the Helsinki Process as derived from the meetings and events mentioned above, and on my perspectives on globalisation and global governance. The structure of rest of the paper follows the outline of issues and questions contained in the paper "Core Challenges and Questions to be Addressed."

II. GOOD AND ACCOUNTABLE GLOBAL GOVERNANCE

Key principles: Global systems of economy, environmental management and political relations between states should be based on human needs and rights, fairness, equity and justice. In order for the content of the systems to be appropriate, the management of these systems should be conducted in democratic fashion, according to multilaterally agreed procedures and rules, and with the interests and participation of developing countries being of paramount importance since these represent the majority of humanity.

Key reasons for improving global governance: Judged by the standards of the above principles, global governance today is greatly inadequate. Major decisions are made by a few developed countries (and even then the level of power among these countries is very uneven), and there are mechanisms and institutions that get these decisions implemented in developing countries not so much through agreement but through pressure. The results are: (a) serious imbalances in decision-making in global issues and in the shape and content of globalisation; (b) very often, developing countries are made to follow incorrect policies (for example those advocated through the Bretton Woods institutions and the WTO rules), which has been detrimental to their development; (c) these lead to justifiable perceptions of injustice at the way the world is run for the benefit of global elites; and to continued or worsening poverty, accompanied by social instability, frustration and desperation and conditions for both peaceful protests and violent conflict. It is thus urgent that the present global governance systems that are undemocratic in nature and inappropriate in content be improved.

Targets and goals for improving global governance: There should be two major targets and goals: (1) To improve the decision-making process and procedures so that the power relations are more balanced, the concentration of power does not lie in a few countries, and the effective participation of developing countries is ensured, whilst the role, perspectives and participation of civil society is also enabled. This entails that the formal and informal decision-making processes are reformed, eg the quotas and voting rights in IMF, World Bank and regional banks, and the WTO untransparent systems of exclusive "Green Room" meetings and "consensus building" in which most developing countries are at a disadvantage. (2) The content and substance of policies emanating from international level should be much more appropriate than the often incorrect and damaging ones that now exist. The test of appropriateness or otherwise would be whether the policies result in improvements in welfare, poverty eradication, employment and viable economic and social development in developing countries. Presently many of the economic, financial and trade policies contained in the loan conditions of IMF/World Bank and the rules/proposed rules in WTO are inappropriate for many developing countries. A serious review and reform of these policies are urgently required.

Future political climate for defining and developing global governance: In the developing countries, there is already a strong demand for changes to the global governance system from both governments and civil society. This demand will increase, since there has been no basic change and the situation deteriorates. In the developed countries, there is increasingly strong demand from the public and civil society, as well as

thinkers and intellectuals, as witness the protest movements against the World Bank, IMF and WTO etc. South and North NGOs are joining together in what they now call the pro global justice movements. There is thus the basis for a strong future public-political climate for global change. In the developed countries, sections of the political establishment in several countries are also more sympathetic to improving global governance, as they witness the deepening of crises and the need for multilateral solutions based on fairness. The Helsinki Process is a good example of this. There are of course many strong vested interests which resist change. It is important to form a strong alliance of people and forces in the North that want change, so that the minority with vested interests do not continue to have their way in resisting change. A change in public opinion in the North, resulting from efforts of civil society as well as those in the establishment that are aware and politically willing towards change, is very important. An alliance between the promoters of change in the North and the South should be built up simultaneously. If these can be organised properly, then the forces for democratic and multilateral solutions can become more ascendant, and can swing the political climate away from those that advocate the status quo or unilateral and narrow/greedy global systems.

III. ROADMAP

There are important opportunities in the next 3 to 5 years in the context of global policy making: (1) Opportunity can be taken of events or processes that already exist or are already planned; (2) New events or processes can be initiated.

Key processes and meetings in the near future:

(1) **In the WTO** there are Ministerial meetings every two years, and preparatory processes that last for many months before the meetings. But even more importantly, there are negotiations going on almost every day in formulating new rules or reviewing existing rules. Any useful improvement of global governance should influence and make an impact on the day-to-day negotiations, on the decision-making process, on the basic principles and operational principles, and on the Ministerial meetings. The next Ministerial is in Cancun in Sept 2003.

(2) **The IMF and World Bank** have annual meetings (Sept/Oct) and Spring meetings (April). In addition, policies are also made or reviewed in between. Any useful improvement to global governance should influence the on-going policy debates, policy reviews and evaluations, and decision-making processes.

(3) **Strengthening of the UN** should be part of the reforms in global governance. The UN as a whole needs to be strengthened and put back on the track of useful work and the initiating of global reforms.

(a) Some UN agencies distinguished themselves in the past with some important initiatives, eg in the area of commodities and technology (UNCTAD) and essential drugs

programme and codes of conduct on products affecting health (WHO). A review should be made of useful programmes and projects that later faded, and an effort made to revive them in the present context.

(b) The United Nations has organised important world Summits and conferences, and the follow up processes should be strengthened, eg the follow up to Monterrey 2002 (finance for development), Copenhagen 1995/Geneva 2000 (social development), and Johannesburg 2002 (for environment and development, through the Commission on Sustainable Development and the environment agreements).

(c) There are also potentially important processes in organisations such as UNCTAD, UNEP, ILO, Human Rights Commission, WHO. A very important issue is: How to create and develop new initiatives (or revive old initiatives and re-energise existing initiatives) to positively promote development in developing countries? In this context, how could UNCTAD be re-energised through a re-commitment of the Northern governments? Also: The WSSD started a process of reviewing the need for stronger sustainable development governance: this valuable process should not die with Joburg, but should be continued at a high-priority level. The future role of UNEP, and the strengthening of multilateral environment agreements, is also an important issue. How can work in existing environment areas be strengthened (eg biodiversity, energy, climate change, toxics) whilst new initiatives be made in areas that have been neglected (eg sustainable agriculture, oversight and assessment of technologies).

(d) Reform of the Security Council has been an on-going process that has not reached conclusion. The democratisation of the Security Council and the transparency of its processes and decisions could be part of the global governance agenda. Of course a major decision of the Helsinki Process would be whether to limit its work (at least initially) to economic and social affairs, or to include peace and security issues (in which case the Security Council reform would be important).

Other issues/processes

(1) Outside the official processes is the dynamic world of civil society. There are important civil society events and processes, which should be encouraged and strengthened, such as the annual meetings of the World Social Forum and the regional and other meetings in between. The Helsinki Process would need to decide on its approach towards civil society. It is especially important to build the capacity of civil society groups in the South.

(2) Corporate accountability and the regulation of big business has re-emerged as a major issue, especially in light of the recent corporate scandals (Enron, etc) as well as concerns over the role of powerful highly leveraged funds in financial speculation and the health and environmental effects of companies. The WSSD Plan of Action includes a commitment by heads of states to actively promote corporate accountability and responsibility including through development and implementation of inter-governmental

agreements and domestic regulation. This is an area that is so far neglected, and where there is now a mandate and a great potential for development.

(3) Reform of the global financial system is an issue that is probably larger than can be handled only by the IMF and World Bank. The US Treasury Secretary in 1998 coined the phrase "new global financial architecture" as a structure that needed to be built. Since then there has been no serious effort to promote reforms. Yet the continuing debt crises as well as the emergence of new crises show that a comprehensive solution to the existing problems and the prevention of new problems is of urgency.

IV. VALUES

Present Values: The present values that predominate in the economic sphere are those of the Darwinian law of the jungle or survival of the fittest, with diminishing interest in the plight of those that are weak or fall by the wayside. Policies are chosen that stress the need to be "efficient" or strong in order to survive "free competition", to remove obligations of the state to the weak or those in need, to allow the market free rein and to prevent or discourage governments from regulating the markets. These values are reflected in the policies advocated by the IMF and World Bank, as well as many of the proposals being put forward in the current negotiations and discussions by developed countries in the WTO. The effects of these values include: (a) greater inequality between strong/weak, rich/poor people, developed/developing countries; (b) higher concentration of corporate power among the few giant companies, whilst the survival of small enterprises or farms (especially in developing countries) is threatened; (c) lack of government regulation and removal of disciplines in financial markets has resulted in greater financial volatility and more economic instability; (d) lack of intervention in commodity markets led to oversupply and low prices of many commodities, resulting in lower incomes and greater poverty in many countries.

Suggested Alternative Values for Global Governance: Global governance should be based on a set of better values that are in turn based on the best aspects of humanitarian and spiritual or ethical concerns. The Helsinki Process proposed principles of "common, just, equitable, inclusive, non discriminatory global governance" are a good foundation for discussion and will find positive response with civil society. It is important to further define these principles and go into some detail in how they would look like when proposals are made to operationalise them in practical terms.

(a) **Common values.** It is important to address this element in future global governance. The question is, how to select what these common values are? Documents such as the UN Charter, the UN Declaration on Human Rights, and the recent UN world conferences (including the Millenium Summit, where shared values were included) can be cited as references to the universal commitment to the shared values. Values embedded in religions, and documents of civil society and social movements can also be cited.

(b) Definitions of global democracy and application of democratic ideals in the global context. "Democracy" evokes principles such as:

- (1) the participation of all in the choice of who is to govern and what are the policies;
- (2) the choice or decision of the majority should prevail, and the interests of the majority should be given priority, through mechanisms such as voting, where choices can be made;
- (3) the interests of the minorities should however also be protected;
- (4) those that are chosen by democratic means to govern should have the right to govern, but within limits, and executive powers are counter-balanced by an independent judiciary and by law-making bodies that review government policies and create or amend legislation;
- (5) policies should be based on principles such as equity, fairness and justice, and on the rights of people to have the means of fulfilling their basic and human needs;
- (6) non-discrimination in the sense that policies are applied or implemented not in a selective manner but in a fair manner so that there are no double standards which are based on arbitrary grounds. There should be the objective rule of law (with law based on justice and fairness) and not the subjective rule of individuals or governors (based on arbitrary likes or dislikes). However in order to attain equitable outcomes, policies could (and indeed should) include "positive discrimination" or "affirmative action" in favour of the weak and poor. The differential treatment of persons or countries in line with differences of capacity and means should be considered part of rights as well as a distributional strategy aimed at equitable outcomes.

The challenge is to translate democratic principles and procedures (that have usually been forged in the national context) onto the global context, and thus to give "flesh and blood" to the term "democratic, just, inclusive global governance." The following are some preliminary suggestions:

- (1) In the relations between states, all countries be given the right to take part in the decision making process, on an equitable basis. Votes or decision-making power should not be weighted according to how financially, economically or militarily powerful a country is. (If weightage is to be considered, then population size is a more relevant factor).
- (2) Powerful or rich countries should not make use of power, pressure and leverage to influence or pressurise other countries to choose certain options or vote for certain choices. Each country should be allowed to make its choice freely without being subjected to pressure, coercion or manipulation.
- (3) The one-dollar-one-vote system in international financial institutions should be reviewed, and a more democratic system should be established. The alternative one-country-one-vote UN system should be considered. Other models can also be studied, eg the Global Environment Facility.

(4) The WTO decision-making system which is essentially still power-based, with exclusionary processes (such as the "Green Room" meetings to which only a few selected countries are allowed to take part) and pressures put on dissenting countries to "join the consensus" engineered by the major developed countries. The system should be reformed, with all countries given the right to be present and to equitably participate when discussions and decisions are made.

(5) Principles, procedures and policies should be established in international decision-making and in international bodies, that give highest priority to the objective of promoting the interests of developing countries and to the poor in them, on the principle of realising the rights and interests of the majority and of the weakest sections of the community. Differential treatment of countries or sections of the population, according to the differences in levels of capacity and resources, should be accepted, in line with "positive discrimination" and "affirmative action measures", in order to reduce inequities and to promote social justice and equity.

(6) Systems of checks and balance, independent reviews of the decisions and policies adopted by international agencies, should be improved.

V: IMPLEMENTAION

Implementation of objectives and programmes adopted by the international community at UN conferences and regular UN meetings is a major challenge, as is well known. It involves factors such as political will to take such commitments seriously, as well as the choice of appropriate policies to translate principles or general commitments into appropriate policy measures and projects that actually work well towards the objectives

The following are some of the factors or aspects that are needed for implementation:

(1) Implement good action programmes agreed to in Summits or meetings that have been organised (usually by the UN) in a transparent and participatory manner.

- (a) Identify the important meetings and important commitments made there (eg in Plans of Action and in Political Declarations).
- (b) Mobilise governments in the North to live up to the commitments and to contribute to the means of implementation (eg through financial resources, technology transfer etc).
- (c) Review and decide on the appropriate content of policies, programmes and projects that are more likely to achieve the objectives (eg poverty reduction, social development, economic development, environmental sustainability), and avoid policies and programmes that are inappropriate and that can cause more damage.
- (d) Devise systems (through UN agencies etc) where the general plans agreed to and the appropriate policies devised can be translated into concrete programmes and projects at country and community levels.

2. Implement changes to principles, policies or programmes/projects that are inappropriate or harmful.

In international agencies (UN, IMF, World Bank, WTO etc) there have been projects, policies, loan policy conditionalities and rules or agreements that have caused economic, social or environmental problems, when they are implemented. There should be a process of evaluating, reviewing and reforming these policies and programmes. Where such processes and procedures for review and change are absent, they should be established. In some agencies (eg World Bank) there are formal review and evaluation processes. However, these could be inadequate (in which case the coverage and methodology can be strengthened) and the process of implementing the changes could be even weaker, in which case there is inadequate reform. In the WTO, there are many inadequacies and imbalances in several of the agreements. These have been studied by experts, who have also recommended improvements. Developing countries have also made a set of proposals for clarifying or changing many of the WTO rules. These proposals have been considered in what is known as the "Implementation Process" in WTO (so-called because the review is on the problems faced by developing countries when or after implementing the agreements). However this process is not leading to any satisfactory results so far due to the lack of interest or commitment of the developed countries in wanting improvements to the rules. **In order to have progress in improving global governance, the political will in Northern governments must be built up, to seriously take on the exercise of improving and reforming the existing policies, programmes and rules of the international agencies.**

3. Tackling poverty and inequality.

There are many factors causing the continuation or worsening of poverty and inequality. These have to be considered in the context of the overall development crisis. For the Helsinki Process, it may be appropriate to consider those factors that cause or promote poverty and inequality that are linked to globalisation, global policies and global governance. In which case, the issues to focus on are, what are the factors or policies at international level that cause or that are linked to poverty at the national/local levels in developing countries? Relevant issues include the commodities problem, the debt crisis, the unregulated flows of capital, the rules in WTO (eg agriculture, intellectual property) that allow the continuation of global imbalance/injustice or that restrict the ability of developing countries to have appropriate development policies, the lack of financial resources and technology, the wrong set of policies set as loan conditionalities and that lead to economic contraction, etc. **A study could be carried out under the Helsinki Process that link poverty/inequality to globalisation and global-level policies, and that propose solutions.**

VI: INSTITUTIONS

How can the existing institutions be improved or reformed to contribute towards good global governance? This important question will require detailed answers. The following is only an outline.

(1) The United Nations. This remains the most important hope for improving global governance overall. There needs to be political will in the North to reverse the weakening of the UN, and strengthen its capacity to provide the political framework and practical programmes towards good global governance. Some ideas on the UN and its agencies were provided in Section III on Roadmap above

(2) The WTO. The WTO has the potential to be an important component of a fair, balanced and development-oriented multilateral trading system. However reforms are needed to its existing rules and decision-making system, if this potential is to be reached.

- (a) The deficiencies and imbalances in various agreements including agriculture, services, goods, intellectual property, subsidies, investment measures and dispute settlement should be corrected. There are already proposals covering many areas which have been tabled at the WTO, but the developed countries have to consider them much more seriously than they have done to now.
- (b) The current negotiations in agriculture, services and non-agricultural products is a crucial test on whether the existing rules and future policies in WTO will be geared to the interests of developing countries, or whether the imbalances in WTO will become even worse.
- (c) The developed countries are proposing to extend the remit of WTO to new, non-trade issues such as investment, competition and government procurement. These proposals are most inappropriate and should be withdrawn. Otherwise the WTO will be overloaded with non-trade issues for which it is an unsuitable venue, and the burden of new inappropriate obligations will worsen the plight of the developing countries.
- (d) The decision-making system in WTO which at present is untransparent and non-inclusive in many important ways, should be changed, so that all countries can participate in the decisions, particularly at Ministerial Conferences and at the preparatory processes.

(3) International financial institutions. The inadequacies of these institutions have been highlighted in the recent series of financial crises that hit East Asia, Russia, Turkey, Argentina and possibly Brazil. Changes are needed to: (a) the operationalising of the Mission of the institutions, which originally was to ensure global financial stability, financial resources for development and an orderly world financial order; (b) their policy assumptions and framework, and the set of policies that act as loan

conditionalities; (c) the currently undemocratic system of decision-making and voting rights. Also to be considered is the need for a new global financial architecture. This may include the existing financial institutions but may also go beyond them.

VII. A WAY FORWARD

How the Helsinki Process should proceed is a complex question. Suggestions for many parts of the answer are to be found in the above sections of this paper. This section will provide some brief comments and also references to the relevant sections above.

1. Coalition building. This is dealt with in Section II in subsection on Future Political Climate.
2. Focus/Content Areas of the future Helsinki Process. This is dealt with in Section III (Roadmap), Section V (Implementation) and Section VI (Institutions).
3. Main Actions needed in the content areas. This has also been dealt with in Sections III, V and VI.
4. Working Methods to facilitate the actions.
 - (a) The Process should not be one that is aimed only at producing a single Report (as was the aim of several Commission in the past).
 - (b) The Process should be organised around a number of task forces based on issues and related to institutions targetted for reform. Task forces could include trade finance, technology/IPRs, environment and development, peace and security.
 - (c) The task force coordinators could form into a steering group together with other senior officials of the Process that may not be a task force coordinator.
 - (d) Each task force could define the critical issues, an analysis of present inadequacies of policy and institutions relating to the subject, general and concrete proposals to improve the situation, and an action plan for building alliances and intervening in the process in order to contribute to positive change.
 - (e) The steering group could take the lead in the process of alliance building and advocacy or intervention.
 - (f) It should also plan the establishment of teams of advocates and experts (each team specialising on a particular topic such as trade, or finance or technology or environment) which will take part in policy dialogues with national governments, the EC, parliamentarians, the senior bureaucrats of international agencies, NGOs, the media etc.
 - (g) The task forces and advocates could also monitor the negotiating processes or the decision-making processes of the UN, the WTO, Bretton Woods institutions, and make proposals on how these should proceed.
 - (h) The Process could also convene "Brainstorming Meetings" of influential people in order to have dialogues that can influence the decision-making processes. Senior

- government officials as well as experts and NGOs could be invited to these meetings.
- (i) A conference once a year or two years to inform supporters, associates and interested people, and to review the progress of the Process, and to build alliances, could also be held.
 - (j) A programme involving publications, website, media contact can be established as part of outreach to the public.

5. Persons to draw into the process. Can include experts, NGOs and social movements, government officials, members of international agencies in their personal capacities. Their roles could be as part of the task forces, advocacy teams, etc.

6. Can the Helsinki Process be linked to other global forums? To bridge gap? The answers to this depends on: (a) The underlying premises and positions to be taken by the Helsinki Process in relation to the critique of the existing situation and the proposals it will have in relation to the content and process of globalisation and global governance. Based on this, other forums will decide whether and how it would like to relate to the Helsinki Process. (b) The Helsinki Process has to decide on its uniqueness or "niche" or "value added" because there are already several parallel Commissions (eg the ILO globalisation commission) and forums (eg Davos, World Social Forum). The uniqueness could be that it has outreach and influence over the political and bureaucratic establishment of the North, and over the global institutions under the influence of the North. If the content of the Helsinki Process policies (that it wants to advocate) is sufficiently interesting appealing to the government officials of the South, then it could have the role of establishing North-South dialogues in a frank and positive way (which is absent today). If the content of the Helsinki Process is appealing to NGOs worldwide, it could also bridge the gap between NGOs, social movements and governments.

7. Schedule and organisation of activities. Given the urgency of the situation (especially since distrust is growing on a North-South level as the result of recent events, and in view of the approaching WTO Cancun meeting, etc), it would be good for the momentum to be built and for follow-up actions to proceed rapidly. At the Conference in December, some follow up actions can already be anticipated. Decisions have to be made on the structure, the mode of operation, the selection of issues, and the initial as well as medium-term activities. These can be made within a month or two months after the seminar's conclusion (ie by end of January).

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