

Economic and Social Council
High Level Segment
General Debate

**Statement by the Committee for Development Policy
to the Economic and Social Council on
Global Governance and Global Rules for the Post-2015 Era**

by

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Mr. President, Distinguished Delegates, Ladies and Gentlemen,

It is a great honour to present the CDP views on the global governance and global rules for the post-2015 era to the Council. The Chair of the Committee, José Antonio Ocampo, sends his deep regrets for not being able to be with you today due to his teaching responsibilities.

The 2014 annual report of the CDP to the Council contains a summary of our analysis and key policy and recommendations on this theme. A more detailed examination of this issue can be found in a *CDP Policy Note* on the same title, available in the CDP web site. I believe that hard copies are available at the back of the room. These two publications are our main contribution to your discussions at your annual ministerial review on “on-going and emerging challenges for meeting the MDGs in 2015 and for sustaining development gains in the future.”

Mr. President,

Our motivation for examining issues of global governance and global rules for supporting sustainable development derives from the fact that existing assessments and proposals for reform do not seem to be comprehensive or bold enough to promote the necessary results. Moreover, current debates for the post 2015 agenda and the SDGs have not given adequate attention to the issue.

International cooperation is a means to promote shared values and achieve common goals of the international community, and to manage increased inter-dependence among countries. Cooperation for development is also an obligation of States. Already in 1948, member States of the United Nations recognized the essential role of international cooperation in overcoming international challenges of economic, social, cultural and humanitarian nature, and in promoting respect for human rights and fundamental freedoms for all. We recall Articles 22 and 28 of the *Universal Declaration of Human*

Rights that stipulate that “Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and *international cooperation*” and “Everyone is entitled to *a social and international order* in which the rights and freedoms set forth in this Declaration can be fully realized”.

International cooperation is also at the heart of the global partnership for development – included in international development agenda as goal 8 of the MDGs and currently debated as a thematic goal of the SDGs. But I want to emphasize that international cooperation should be understood as states acting jointly to resolve problems that cannot be addressed by governments acting alone. It is much broader than the provision of technical and financial assistance. It should explicitly deal with global policy making, norm and rule setting; that is to say, with defining and promoting the rules and institutions of the global governance architecture that shapes the environment within which economic activities and, more broadly, sustainable development take place.

Mr. President,

Effective global governance is of vital importance for the implementation of the UN development agenda, and it can only be established with effective intergovernmental cooperation. Unfortunately, according to our analysis, intergovernmental cooperation and its resulting global governance mechanisms are not working as well as it should.

We came to this conclusion by noticing the following:

First, the current global system is inadequate for managing the growing integration and interdependence among countries. Global economic integration accentuates interdependence and widens the scope of provision of global public goods. Yet, market mechanisms are not capable of supplying global public goods to maximize global welfare thus contributing to the undersupply of these goods. For example, the lack of adequate financial regulation has often led to highly volatile capital markets, with negative impacts on income and employment worldwide. Other examples include insufficient efforts to develop technologies that address the needs of the poor such as medicines for tropical diseases and drought resistant varieties of sorghum for marginal environments, absence of an international debt-work-out mechanism, incipient international tax cooperation and so on.

Second, the current governance architecture is characterized by severe asymmetries in terms of access to the decision-making processes, and diverse coverage of the areas of global interest. Developing countries have little voice in decision making on international financial and monetary matters. Multilateral, bilateral and regional free trade agreements have evolved in a manner that serves the needs of production sectors, businesses and large economies. In contrast to trade, there are no international agreed rules regarding labour mobility. Such asymmetries and unbalanced coverage of global rules often lead to the generation and perpetuation of inequality, not only at the international but also at the national level.

Inequalities are not self-correcting. Instead, if left alone, they tend to perpetuate and reproduce themselves. As many distinguished economists – from Nancy Birdsall to Joe Stiglitz to most recently Thomas Piketty have shown, inequality can be constructive but can also be destructive for economic growth, development and democracy. Children born in poor families tend to be under-weight or stunted, and are more likely to remain poor. Elites amass economic power and capture the political process and press for distorted public policy choices. At the global level, the income gap between the developed and developing countries remains considerable. Only those countries that have opted for a strategic integration in the global economy and made tactical association with foreign investors could narrow the gap. But this strategic integration required policy space, which takes me to the third shortcoming that the CDP identified in the current global governance approaches.

Global rules have not provided sufficient policy space for national Governments, particularly of developing countries, to promote the reduction of inequalities and the development of their societies. In fact, there is a marked trend towards the standardization of rules and disciplines that are usually prevailing in the more developed countries and which may not be necessarily suitable for economies at less advanced stages of development. For example, bilateral investment agreements often contain compensation mechanisms that effectively limit the capacity of developing countries to raise social and environmental standards, and to regulate volatile capital flows.

Mr. President,

Reforms are necessary to better manage the ever increasing inter-dependence among countries, reduce the large inequalities of opportunities among individuals and countries, and support a process of inclusive economic growth and development that is compatible with the realization of internationally recognized social and environmental standards. These reforms need to be carried out in a way that respects the policy space of national governments to pursue their own priorities in a manner compatible with their capacities and global responsibilities.

We set out five core principles to guide the reforms of global governance and global rules for development:

First, *common but differentiated responsibilities and respective capabilities* recognize differences in the contribution and historical responsibilities in generation of common problems, as well as the discrepancies in financial and technical capacity.

The second principle, *subsidiarity*, implies that issues ought to be addressed at the lowest level capable of addressing them. In other words, some problems can be handled well and efficiently at the local, national and regional level, reducing the number of issues that need to be tackled at the global level.

Third, *inclusiveness, transparency and accountability* need to be enhanced. To have universal legitimacy and effectiveness, global governance institutions need to be

representative of and accountable to the entire global community while decision-making procedures need to be inclusive and transparent. .

The fourth principle is *coherence*. Global rules and processes need to rest on comprehensive approaches, and careful assessments should be in place to examine possible trade-off between rules, so that actions in one rule do not undermine or violate the other rules.

Finally, the fifth principle is *responsible sovereignty*. National Governments need to take steps beyond narrowly defined national interests, and to cooperate in creating the global conditions that are conducive to the realization of internationally recognized rights and freedoms.

Mr. President,

The Committee calls on the Council to take a leadership role in reforming global governance and global rules, based on these five principles. The UN Charter identify the Council as a principal body for coordination, policy review and recommendation on issues of economic and social development. We believe that a stronger leadership by the Council in reforming global governance and global rules will contribute to placing the Council at the center of the development debate and strengthen the position of the UN in global governance.

The CDP further recommends that the Council's role to coordinate and guide initiatives for global socio-economic development should include an effective monitoring and accountability mechanism. That mechanism should cover all development partners, including developed and developing countries, the private sector, non-governmental organizations and multilateral organizations.

Mr. President,

Since its creation in 1945, the United Nations has been in a leading position to define and address new development challenges and to set global norms in the areas of economic, social, environmental, human rights and cultural issues. Throughout its history, the Council has been playing a critical role in defining and supporting various economic, social and environmental agendas. It is time that the Council further consolidates its leadership in addressing emerging global challenges and in promoting sustainable development worldwide. Reform of the existing architecture and rules of global governance is one of its major priorities. The Committee is at your disposal and will not spare efforts to assist you in this important task.

Thank you for your attention.