

**Input to the Analytical Report on Global
Economic Governance and Development**
(pursuant to UN General Assembly resolution 66/256)

The Context

The correlation between global economic governance and development began to loom large in the United Nations in recent years. Indeed, it featured prominently at the 2009 International Conference on the World Economic and Financial Crisis. The UN General Assembly framed its general debate in 2010 under the topic "Reaffirming the Central Role of the United Nations in Global Governance", in addition to having adopted two relevant resolutions at its 65th and 66th sessions (65/94, 66/256). Furthermore, ECOSOC has added its voice to the debate by staging a panel discussion in July 2010 titled "Global Economic Governance".

These issues, however, are not novel, insofar as they were addressed to some extent on earlier occasions, for instance, in the context of the 2002 Monterrey Consensus. What has rekindled interest to the topic of global economic governance and so much elevated it of late on the international agenda has been the global economic and financial crisis that broke out in 2008. The issue had acquired a distinct salience as the international community recognized that having an adequate international institutional framework was instrumental to overcoming global economic troubles as well as dealing successfully with economic development in general.

Notwithstanding, there seems to have been an additional impetus that pushed the theme of global economic governance to the forefront of deliberations. The past decade has been marked by the emergence of various international informal groupings, which began to increasingly arrogate decision-making on issues of global concern. This trend served to somewhat sideline the United Nations, that is, the body that, owing to its universality and legitimacy, should have been the one fully charged with all such issues. Therefore, global economic governance emerged not only in response to the crisis, but also as part of the concern over a broader issue of global governance.

Global governance and global economic governance are becoming especially pressing topics at the time when the international community is poised to embark on an effort to design a post-2015 UN development agenda that is expected to be built around a comprehensive issue of sustainable development. Indeed, the

world that has no world government needs an adequate and very sophisticated system that would not only regulate highly complex relationships among its multiple participants, but also help bring them together in tackling in a truly comprehensive manner all kinds of issues related to transnational threats and global commons.

Challenges

Increased focus on global economic governance helped highlight a number of its intrinsic deficiencies, which the international community appears to have lost sight of prior to the crisis. Above all, there seems to be present an overall perception in the world that global governance in general and global economic governance in particular significantly lag behind the realities on the ground.

This reality is characterized by the emergence on the world stage of multiple international players, including states, international organizations, civil society and private sector, which did not matter much in the Cold War context but have been able to gain an ever increasing degree of influence in today's world. In other words, as political scientist Fareed Zakaria put it, we have been witnessing in recent years the Rise of the Rest.¹

Naturally, it is extremely difficult to establish global governance structures among so many stakeholders in a way that equally meets all of their interests. So, it should come as no surprise that the current system of global economic governance is perceived by many as being highly complicated, decentralized, competitive, fragmented and, therefore, incoherent.

It is a framework that came to rely not just on the United Nations, but also on regional structures, informal groupings like the G-8 and G-20, and various ad-hock arrangements. The way states engage with all of them is often referred to as "variable geometry".

Indeed, all countries try to avail themselves of these broad opportunities of engagement. However, not all are able to do so, because the rules of the "variable geometry" game, as well as membership in various international arrangements is still being shaped by considerations of power politics, which serve the interests of the strong at the expense of the weak. The rationale for informal groupings, which their proponents often adduce, is that such

¹ Fareed Zakaria, «The Post-American World: the Rise of the Rest», 2009, and Fareed Zakaria, "The Post-American World: Release 2.0", 2012.

arrangements, regardless of their legitimacy, generally prove more effective than the UN. Therefore, many regard the system of global economic governance as non-inclusive, inequitable and questionable in terms of international legitimacy.

What is adding another layer of complexity to the system is the ever-rising transnational challenges empowered by globalization, like climate change, energy, food and water shortages, demographic trends, transnational organized crime, deceases, trade imbalances, gaping inequality, poverty, etc. The situation like this requires global stakeholders to take urgent action to reverse the steady march of globalization's "dark side". However, effective action is hardly feasible in a system, in which global economic governance is incoherent.

UN's Role: Words and Deeds

Absent a world government promoting world's common interests, it is the United Nations that ought to provide a platform, where the rules for building the system of effective global economic governance have to be forged. It is exactly the right course to pursue, because the UN is the only global body with universal membership and unquestioned legitimacy.

What is worrying, however, is that while the United Nations' primary role in global economic governance has been supported by all in rhetoric, this has not been always the case in practice. For if it were, we would not face situations when some countries impose economic sanctions and other coercive measures on others on the ground, inter alia, of differences that they may run in their bilateral relations.

Another example of how action by some states against others takes a high toll on global governance is related to the work of the UN Human Rights Council, in which several states embraced an unsavory practice of "flogging" some others by means of politically motivated country-specific resolutions on situation of human rights. Again, this pattern takes hold because the instigators prefer not to address bilateral differences in ways they should be addressed, i.e. in the form of an equitable mutually respectable dialogue, but opt for using multilateral frameworks in a try to shame their opponents.

The above examples vividly demonstrate how certain states abuse both the rules that underpin the system of global economic governance and the United Nations itself in order to advance their parochial interests. It goes without saying that such moves come only to undermine global governance. Thus, Belarus, and we

hope, many others alongside, cannot comprehend how some states can voice support to the UN's central role in global economic governance while simultaneously engaging in activities that worsen such prospects.

In the context of global economic governance, particular significance should be attached to the Economic and Social Council, which is charged with providing overall coordination on economic and social matters within the United Nations. Recent reforms of ECOSOC, which enabled the Council to hold annual ministerial meetings along with development co-operation forums and annual joint meetings with the Breton Woods institutions, UNCTAD and WTO, have certainly helped raise Council's profile around the world.

Nevertheless, a major concern related to ECOSOC remains unaddressed, namely, that key global economic decisions fall into the scope of informal groupings that have questionable legitimacy and limited membership, like the G-20. Likewise, the latter's role *vis-à-vis* such informal entities remains unacceptably ambiguous.

Another concern relates to the Breton Woods institutions, above all, the International Monetary Fund and the World Bank. Although some steps have been taken recently to enhance the profile of emerging countries in both institutions' decision-making machinery, both remain skewed to favor those countries that stood at the foundation of their governing structures nearly seven decades ago.

Global economic governance is certainly contingent upon a rule-based, non-discriminatory, equitable and transparent multilateral trading system. However, it would be far of a stretch to suggest that such a system is being already in place, as many countries continue to face unjustified difficulties associated with accession to the World Trade Organization, whereas many others experience politically-based discrimination in trade.

Trends with financing of operational activities for development also stand in the way of an effective system of global economic governance. For more than a decade, operational activities for development have been dominated by non-core resources. Hence, the development agenda has been essentially driven by the interests of donors rather than the needs of developing and middle-income countries.

To sum up, the mismatch between many countries' words and deeds with regard to the United Nations' paramount role in building global economic governance

complicates efforts at implementing the UN Development Agenda stemming from various summits and conferences.

A Road Ahead

The growing multitude of global stakeholders, along with rising adverse effects of globalization, as well as considerations of power politics complicate efforts to build an effective global economic governance. Notwithstanding, all those stakeholders must have an interest in forging a stable and equitable framework for such kind of governance, because a system of governance that treats some better than others will consistently be under attack from the disadvantaged.

In other words, the privileged apparently will not be able to reap the benefits of their status, at least not for long, while transnational threats that affect all will go unattended and, hence, unabated. Therefore, an effective system of global economic governance is possible only if all stakeholders proceed from the logic of “win-win” solutions rather than a “zero-sum” game.

Likewise, all the “players” must agree that the above effort can succeed only if it enjoys undoubted legitimacy, which the United Nations alone, owing to its universality, can provide.

What is most at stake in the context of global economic governance, in Belarus’ view, is to create a kind of a “hub-and-spokes” system, in which the United Nations plays the central role, whereas all other entities (international, regional, informal, etc) are linked to and guided by the United Nations.

To become the true “hub” of global economic governance, the United Nations must reform itself so that its organizational structures and activities properly reflect contemporary realities. Reform must envisage measures that create new bodies as well as upgrade existing ones.

In this regard, we believe, it makes sense to discuss in earnest the idea of establishing a separate UN economic organ that would be equal in stature to the UN Security Council, but would exercise its powers in the economic and related domains. The idea is not really new. In fact, it dates as far back as 1994, when the Commission on Global Governance in its report “Our Global Neighborhood” undertook the first serious attempt to project the UN role in the post-Cold War

world.² In particular, the Commission proposed to establish an Economic Security Council that would function much along the lines of the UN Security Council.³

A similar idea was suggested in 2009 by the Stiglitz Group's report on reforming the international monetary and financial system, which argued for the need to set up a Global Economic Coordination Council.⁴ Belarus believes that an entity like either of the above two could indeed help realize a vision of a UN-based "hub-and-spokes" system, where major economic decisions that concern all countries would be made by all of them at the United Nations.

In the meantime, we should do our best to enhance the role of ECOSOC in global economic governance. Member States must fully utilize the avenues that are currently available for this effort – annual ministerial meetings, annual joint meetings with the Breton Woods institutions, WTO and UNCTAD, as well as development co-operation forums.

We should empower the Council so that it would be able to effectively and fully discharge its responsibility of providing overall coordination and coherence in the three dimensions of sustainable development – economic, social, and environmental. That is particularly significant in light of the incipient effort at the United Nations to develop a post-2015 UN Development Agenda.

Belarus is of firm conviction that ECOSOC should play a pivotal role in the above process, because, given the conventional view that the new agenda should center around sustainable development, the Council is better positioned than any other body to spearhead this endeavor.

With regard to the post-2015 UN Development Agenda *per se*, we advocate the need to elaborate Sustainable Development Goals (SDGs), which, on one hand, must draw on the Millennium Development Goals, while on the other bring on their own value by tapping into heretofore poorly targeted or untargeted areas. We cannot but share the point suggested by the UN Task Team on the Post-2015 UN Development Agenda in its report "Realizing the Future We Want for

² The Commission was established in April 1992 with 28 renowned public persons as its members. The Commission functioned in 1992-1994 with the approval of then UN Secretary General Boutros Boutros-Ghali. For more information see <http://www.globalpolicy.igc.org/reform/initiatives/panels/governance/index.htm>

³ The Commission on Global Governance, "Our Global Neighborhood" report, published by Oxford University Press, 1995, p.153-162.

⁴ The report is available at http://www.un.org/ga/econcrisissummit/docs/FinalReport_CoE.pdf p.87.

All” that the agenda should encompass all forms of partnerships, while each thematic goal should be addressed through a specific global partnership.⁵

Belarus has consistently advocated the idea of global partnerships as a tool that can help global stakeholders – states, international organizations, civil society and private sector – effectively address the whole array of transnational issues. For instance, in the context of SDGs we contemplate the need to have a separate goal on energy. In contrast to some other areas, the issue of energy has been dispersed in terms of how it is covered by global institutions and arrangements. Indeed, it falls into the ambit of numerous international “players”, whereas the UN role is insignificant there.

In Belarus’ view, this should not necessarily be the case, because energy is important and indispensable to all countries. Therefore, the UN must have a mightier say on the issue. With this in mind, Belarus stepped forward with the idea of shaping a Comprehensive UN Energy Agenda, which found its reflection in the Final document of the XVI Summit of the Non-Aligned Movement (August 2012, Tehran)⁶, of which Belarus is a member. Furthermore, we believe that an SDG on energy should be built on a partnership that envisions a greater role for the UN in this area, and specifically, for its “UN-Energy” entity that has so far been charged with providing a degree of coordination within the UN system.

Overall, through its proactive and comprehensive engagement in the post-2015 development agenda process the UN would essentially impart into global economic governance distinctive economic, social and environmental dimensions.

Belarus is also convinced that the system of global economic governance cannot be effective and inclusive if the shortcomings related to the financing for development, the Breton Woods institutions’ governing structures, and the trading system that have been spelled out in the previous section, are not addressed.

The last, but far from being the least, point that Belarus would like to make relates to United Nations’ outreach to other stakeholders. Many informal groupings became a reality, which others have to reckon with. UN’s co-operation with a major informal global “player” on economic issues, which is the G-20, thus, is of crucial importance.

⁵ The report is available at http://www.un.org/millenniumgoals/pdf/Post_2015_UNTTreport.pdf p.42.

⁶ The Final Document is available at <http://nsnbc.files.wordpress.com/2012/06/finaldocumentnam2012-doc-1-rev-23.pdf> paragraph 558

It is laudable that the Group has recently stepped up its engagement with non-members, as well as with some international organizations, like the ILO, UNCTAD, FAO, and UNDP. Similarly, G-20's increased focus on global development, embodied, for instance, in its "Seoul Development Consensus for Shared Growth" adopted at the Seoul Summit in 2010, is also worthy of praise.

In this regard, in terms of striving for an effective global economic governance, it would make sense to ensure complementarity between the United Nations and G-20. There is no need for one to take away from another's prerogatives. Both can and certainly must work together for the cause of global development. For example, we see much sense in having consultations between the Group and UN Member States prior to the former's summits.

Likewise, it would be prudent, in our opinion, to nurture closer links between ECOSOC and the G-20. This may be achieved, *inter alia*, by means of ECOSOC declarations adopted on the eve of G-20 summits, whereby Council's members set forth their expectations from such summits.

Belarus, on its part, recognizes the need for broader engagement between various global stakeholders with the view to making global governance more stable and effective. With this in mind, we advocated, for instance, greater cooperation between the Non-Aligned Movement and other informal groupings, like the Group of Eight. Our idea of addressing G-8 summits through NAM's declarations has been reflected in the Final Document of the Movement's XVI Summit.⁷

By Way of Conclusion

To summarize, global economic governance must be shaped in such a way as to make it inclusive, if it is indeed to become effective. Realizing such a task is surely more difficult than striking a deal just among a few powerful countries, but there is no short-cut to genuinely effective multilateralism. That is why there should be no trade-offs between purported effectiveness associated with informal groupings and legitimacy provided by the United Nations. All decentralized international actors must be anchored in one or another way to the UN, because this is the way to ensure that global governance is both legitimate and effective. The United Nations, in turn, has to reform itself and furnish a vision on how

⁷ Ibid, paragraph 235.5

different global entities should relate to itself as well as to each other in a common effort at addressing multiple contemporary challenges.