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**Statement of H.E. Mr. Srgjan Kerim,
President of the 62nd Session of the General Assembly,
on “Does Globalization mean that National Sovereignty is on the
Decline?”**

Introduction

Globalization and national sovereignty are two phenomena that determine the very nature of multilateral cooperation and global business.

Business operates locally and globally. You both shape and obey national and international law.

The UN and the international system are at the intersection between national wills and international aims – political and economic. Our work is shaped by globalization and the changing balance of national political and economic power.

Louis W Pauly in his book "Who elected Bankers" (Ithaca, Cornell University, 1997) put it as follows: "The logic of markets is borderless, but the logic of politics remains bounded".

The UN has to respect the latter and cope with the realities of a ‘borderless’ economic system.

Globalization sets the agenda for the United Nations, yet the tools and structures to deal with that global agenda are still defined by traditional concepts of national sovereignty.

Multilateralism is essential to globalization, and the United Nations is the heart of multilateralism.

Ladies and gentlemen,

The United Nations was created to end wars between nations by replacing bombs and bullets with cooperation and compromise. It represented the burning hope of a generation for a better world.

The world we live in now is very different from the world of the post-war years. Times have changed tremendously.

The threat of catastrophic world wars and traditional armed conflicts between nation states may have diminished but we are faced with new equally daunting challenges that will test our collective willpower.

While the post Second World War multilateral system made it possible for globalization to emerge and flourish, globalization in turn, has progressively rendered its designs antiquated.

This is precisely because the speed of interactions and degree of interconnectedness and interdependence have increased in quantity but also in density.

The post-war institutions have not yet adapted to this reality. Responding effectively to this shift is the core institutional challenge.

A globalized world requires some degree of global governance. This by no means is to be seen as a call for world government. The very notion of centralizing hierarchies is itself an anachronism in our fluid, highly dynamic and extensively networked world.

But, effective global governance should put more responsibility on states and international institutions, but also non-state actors – the private sector and civil society.

States in particular, need to develop a deeper awareness of their dual role in our global world. In addition to the separate responsibilities each state bears towards its own society, states are, collectively, the custodians of our common life on this planet — a life the citizens of all countries share.

And in turn, decision-making structures through which governance is exercised internationally must also reflect the broad realities of our times.

Notion of sovereignty

Ladies and Gentlemen,

Before I get into more detail, I think it's important to outline the broader theoretical arguments upon which to frame our discussion today.

I don't think it is possible to give a straight and simple answer to the basic question of my lecture. While searching for a more or less satisfactory answer I have consulted authors who enjoy a pretty high reputation in the sphere of theory.

Samuel Huntington (Transnational Organizations In World Politics) for instance, argues that international organizations are relatively insignificant, claiming that "internationalism involves agreement among nation-states"!

Other authors, again, like Joseph Nye and Robert Keohane (Power In The Global Information Age) are more inclined to believe: "although the system of sovereign states is likely to continue as the dominant structure in the world, the content of world politics is changing. More dimensions than ever - but not all- are beginning to approach our idealized concept of complex interdependence".

According to them a hierarchical government is neither feasible nor desirable but they acknowledge the fact that "many forms of global governance and methods of managing common affairs already exist and can be expanded"!

As a matter of fact a dozen of organizations now regulate the global dimensions of trade, telecommunications, civil aviation, health, the environment, meteorology and many other issues.

I am personally inclined to identify my view with authors like Anne-Marie Slaughter (A New World Order) who claim that states not only exist in this world; indeed they are crucial actors, but they are "disaggregated"!

The mantra of A.M. Slaughter's approach to "a new world order" in a globalized world is: the state is not disappearing, it is disaggregating! In other words, she pleads for a new paradigm of international relations in the era of globalization based on:

1. global deliberative equality;
2. legitimate difference;
3. positive comity;
4. vertical norm of checks and balances, and
5. subsidiarity.

Authors, who also share this view, like Kemal Dervis (A Better Globalization), in seeking for an overarching role of the United Nations, are very close to my point of view, which is: we need more government on a global and a regional scale, but there is no need for centralization of decision-making power and coercive authority so far from the people actually to be governed.

This theoretical debate on the changing role and nature of the nation state and national sovereignty has been reflected at a practical level in the United Nations work.

Since the end of the cold war we have seen a gradual reinterpretation of sovereignty. Secretary-Generals, from Perez de Cuellar onwards through Boutros Boutros Ghali and most visibly Kofi Annan, have argued for the acceptance of the end to absolute sovereignty – that governments should not be allowed to hide behind the cloak of national sovereignty and the defensive line of national borders to exercise power at will.

Sovereign rights are now understood to go hand in hand with sovereign duties and global responsibilities. You can't have one without the others.

In 2005, this led all Member States to accept the principle of the responsibility to protect: a unique milestone signaling the end of absolute sovereignty.

The role of the UN

Dear friends,

At the opening for the 62nd session of the General Assembly this year, I called on the member states to focus on five priority global issues that I had identified in consultation with them:

- climate change;
- financing for development;
- the Millennium Development Goals;
- countering terrorism; and,
- the United Nations reform agenda.

Given the nature of these challenges I emphasized that they could only be resolved through better multilateral cooperation, and that the United Nations was the appropriate multilateral body for member states to take collective action.

As President of the General Assembly I recognize that reform is essential to the credibility of the organization: that the General Assembly – as the forum of all Member States -- must take the initiative and strengthen its central position in the multilateral system, and, that the management, effectiveness and coherence of the UN system must be improved, including reforming the Security Council.

I also believe that it is very important for future "global" businessmen to understand the nature of international cooperation and the UN system. But also, for the international system to bring the private sector and other non-state actors into a closer policy dialogue.

Better governance means more inclusive participation, coupled with accountability. Therefore, the international public domain — including the United Nations — must be further opened up to the participation of the many actors whose contributions are essential to manage globalization effectively.

We must not forget that NGOs, the private sector and free media play important roles in creating transparency in domestic democratic politics and internationally.

Climate Change

I'd like to describe another practical example to illustrate the changing nature of sovereignty in the context of multilateralism before saying a few words about globalization.

The global response to Climate change is probably the defining contemporary issue that bridges economics and sovereignty and the importance of the private sector. It is an international issue with global economic implications. The cruel irony of climate change is that the countries least

responsible for it will be worst affected - economic growth and poverty reduction will be undermined.

For some small island states, climate change poses existential questions about their territorial integrity and future survival.

Fundamentally we require a global carbon cap, and national targets for reducing emissions so that carbon trading has a role to play as a cost effective mechanism to deliver emission reductions. Used appropriately carbon markets could deliver investment in low carbon economic growth. This framework offers huge opportunities for the private sector to develop new technologies and energy solutions to meet the future needs of the planet.

Globalization

Ladies and Gentlemen,

As the global economy has undergone profound transformations, involving fundamental changes in trading patterns and in the use of technology, it has brought radical changes to economic and political power across the world.

Globalization has the potential to increase global output, income and wealth in all economies, whether advanced, industrializing or developing.

This potentially brings new opportunities for businesses and individuals, a better deal for consumers, and could lift millions out of poverty, but it also presents new challenges.

Boundaries between what can and cannot be traded are being eroded by technological advance, particularly as economic activity becomes increasingly flexible, divisible and dispersed across continents, with an increasing level of specialization.

Increasingly, globalization and rising competition from emerging economies is forcing many sectors and industries to adapt and innovate. The rapid growth of emerging economies, combined with the increasing integration of global markets, and advancing technology which reduces the cost of transport, communication and information transfer, is shifting the balance of global economic activity.

This can result in benefits for all – the rise of India and China, in a relatively short space of time, is lifting hundreds of millions of their citizens out of poverty, and their increasing incomes and wealth are providing enormous new commercial opportunities for firms from developed countries.

New technologies and opportunities for trade help drive greater competition, creating strong incentives so that firms can innovate and improve efficiency, thus benefiting consumers.

This means that globalization offers potential benefits for all countries, both developed and developing, which are able to engage openly with the global economy.

It is clear that the global economy can enable a more efficient and equitable global allocation of resources, tackle poor living standards, reduce poverty, and provide economic opportunities worldwide. However, this depends on Governments and businesses making the right decisions for the long term.

However, while globalization has brought about a period of sustained global growth, the rise of new economic powers and greater regional economic and political cooperation, inequality has also grown.

There is now consensus among the UN and BWIs that globalization needs to be inclusive and sustainable; it is in everyone's interests. That for economic development to be sustainable, the benefits need to be shared by all.

This is not a new idea. It was the basic concept that the US emphasized during the years of the Marshall Plan to revive Europe's flagging economies after the destruction of the Second World War.

It is in this context that non-state actors have assumed a particularly important role. The private sector can make a huge contribution to create the conditions for more inclusive and sustainable globalization.

As business leaders of the future you can have a critical impact on the future of our planet and the wellbeing of the poorest.

I know that Harvard Business School is very much involved in these issues. Some of your colleagues have proposed establishing a non-profit World Development Corporation that would be formed and managed by a partnership of multinational corporations in cooperation with nongovernmental organizations and the United Nations.

The Corporation would identify and design profitable projects in poor countries in collaboration with local partners to improve political stability in potentially volatile territories. There are many similar examples of cooperation that are frequently cited in debates on innovative financing for development and microfinance within the General Assembly.

The Harvard Business School has also been at the forefront of research that suggests that companies pursuing effective environmental safeguards, greater eco-efficiency, better organizational health and safety and improved cultural protections have benefited from better political support and higher profits.

The same would hold true for companies that play an explicit role in the alleviation of poverty in the local communities in which they work or the global markets which they supply.

It is clear that security and development are linked and mutually reinforcing. Of the bottom billion poorest, 73 per cent live in countries that have endured civil war. It is at this level that the UN plays a key role by promoting internationally agreed global public goods and steering international policies to ends that support development, human rights and peace and security.

It is also clear that nowadays the private sector and civil society have an equally important role to play.

And, that globalization is changing the nature of sovereignty.

Dialogue of civilizations

Member States of the United Nations also accept that fair and open economies are not enough. To succeed and be sustainable over the long term globalization also needs to operate at the cultural and political level.

This ‘soft power’ agenda is critical to promote tolerance, good governance, the rule of law, and to counter extremism, radicalization and the underlying misunderstanding between nations and cultures that is at the core of many of today’s political problems.

Conclusion

Ladies and gentlemen

In a world in which the nature of power has become more complex, international relations are more difficult to determine in comparison with the traditional dominance of military might and traditional notions of sovereignty. In this context, MULTILATERALISM, above all through the United Nations – the only truly inclusive multilateral body - has grown far more important.

The UN’s role is now very much focused on managing future challenges many of which have been brought about by a sustained period of global growth. To address these issues effectively we do need to reassess the weak international structure we currently operate within.

Increasing the perceived legitimacy of international governance is therefore an important objective and requires three things: greater clarity about democracy, a more equal relationship with developing countries, and a willingness to experiment.

This means that nations will need to change their behavior if they truly want to see results.

At the opening of the General Debate of the General Assembly I called on Member States to confront the challenges of our times and nurture new patterns of cooperation, to achieve our common goals.

It is possible, I believe, to forge a new culture of international relations, by demonstrating the courage to rise above ourselves.

The UN needs be at the forefront of building a new culture of international relations based on greater trust and mutual cooperation and fairer economic consensus. To achieve this we will need to bring in private sector and NGOs into the policy making process.

Promoting human rights, human security, the responsibility to protect and sustainable development are the core values of this new paradigm. Achieving this will necessarily tend to further disaggregate, redistribute and devolve sovereignty, particularly at the individual and international level.

My message to you as business leaders of tomorrow is that you can also affect and influence this process. And, that there are huge opportunities to use capital to realize profit and promote global public goods, job creation and sustainable development.

Together, we can work towards a new framework that sees economic growth, social justice and environmental care advance hand in hand. Individuals will need to accept greater responsibility for their actions and their global implications.

Only then will we be able to pass our world on safely and securely to the generations that will come after us.

Globalization may be perceived by some to erode national sovereignty – in reality it has empowered the individual to exercise his or her sovereign free will, creating new global networks beyond national politics.

Within this context the debate about national sovereignty should not focus on ‘decline’ but evolution. Globalization makes this inevitable.

Thank you very much.