



## Building a Better World

By Pierre Landell-Mills

**The Global New Deal: Economic and Social Rights in World Politics by William Felice. Lanham, MD: Rowman & Littlefield, 2002. 204pp.**

Professor William Felice is dismayed by his students' lack of faith in the future. In his new book, The Global New Deal, he sets out to convince them that it is possible to build a new and better world order. In pursuing this task, he finds inspiration in Franklin D. Roosevelt's New Deal that helped the United States to escape the Great Depression in the 1930s. Felice notes that in the world today poverty is widespread, inequality growing and the environment threatened. Like Roosevelt, he sees a need for visionary solutions. His New Deal calls for the revamping of international economic, social and political institutions. In the process he takes his reader on a global grand tour of the present international institutional architecture, dissecting its strengths and weaknesses and proposing at each stop in the tour radical proposals for reform. The scope of his reforming zeal is breathtaking.

In critiquing his ambitious proposals, let me first admit where I am coming from. My earliest memories as a child are those of the blitz. I can recall only too vividly the bombing of my hometown in 1942, an extraordinary display of "fireworks" that wrought appalling destruction. Out of despair came hope. As I grew up I learnt to share the post-World War II leaders' dream of constructing a new global system that would forever abolish war. I came to believe in the United Nations in all its various manifestations, naively convinced that, despite various ups and downs, in the longer term, progress was inevitable. Then in the early 1950s, war erupted in Korea followed by a series of wars in Indo-China, and my naivety was progressively dented. I supported passionately the decolonization of Asia and Africa, convinced that this would lead to rapid improvements in living standards in the liberated territories. As time went by, I was forced to recognize that colonial exploitation was easily and often replaced by a new form of oppression. I slowly discovered that good governance, as we later came to call it, was but a distant pipedream. Improving the welfare of oppressed peoples was far more difficult than I, as a young economics graduate, had assumed.

For over forty years I worked as a development economist, mostly in an international organization, witnessing first hand its successes and failures. While I am still far from losing all hope of working for a better world through the UN family, I have become acutely aware of the weaknesses and limitations of global institutions. I have seen too much to believe that progress will come simply from more and better international organizations as proposed in the Global New Deal. What I find missing from Felice's diagnosis of the potential for global collective action is an in-

depth analysis of the underlying political forces at work. In any proposal for reforming the structure, scope and mandates of international organizations must be based on a realistic appraisal of the way power is exercised in the world today. This is all the more evident in the light of recent events in the Middle East.

In this essay I will set out the main elements of Felice's Global New Deal, explain what I see as the flaws, and suggest a way forward. My own vision of the future is more modest in scope but, I would claim, more feasible. The essence of my argument is that institutions are a vehicle for advancing policies and approaches that command a broad level of support. They cannot in themselves build consensus where none exists.

### **What is the Global New Deal?**

Given its ambitious scope, it is hard to do justice to Felice's proposals for a brave new world in just a few paragraphs. However, the main elements are as follows. The Global New Deal is formulated within the normative framework of human rights. To provide for public welfare, Felice insists, governments must work through international law and international organizations to correct the wrongs currently accompanying globalization. The suffering in every nation, he argues, is linked to the malfunctioning of the global economy. This will be addressed by creating a UN Economic Security Council (ESC), which would spell out public policy at the international level to "correct the insufficiencies" resulting from "the denial of basic public goods and market failure outside the control of an individual nation-state" (207). This builds on an old idea promoted by Mahbub ul Haq, a former Pakistan Minister of Finance and principal author of the United Nations Development Program's (UNDP) first *Human Development Reports*—an idea which was adopted more recently by the Commission on Global Governance.<sup>1</sup>

Felice's ESC would focus on measures to promote economic equality and, more particularly, on the "twenty-twenty compact," which calls for 20 percent of aid budgets and 20 percent of developing countries' national budgets to be spent on the provision of basic needs. The ESC would be run by the most populous countries as permanent members with other nations represented on a rotating basis. The ESC would require annual reports from all members, setting out their progress towards achieving the twenty-twenty compact and would hold states accountable in this regard. It would be staffed by a competent professional secretariat, presumably following the contemporary practices of the International Monetary Fund (IMF), World Bank, and UNDP.

To supplement the resources derived from the twenty-twenty compact—resources that are clearly inadequate to achieve the goal of meeting the need for global public goods—a Global Public Goods Fund (GPGF) would be launched with revenues coming from a Tobin tax<sup>2</sup> levied at the rate of 0.1 percent on all short-term speculative foreign exchange transactions. Felice sees this tax as

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<sup>1</sup> *Our Global Neighborhood: A Call to Action*, Report of the Commission of Global Governance. Online at <http://www.sovereignty.net/p/gov/gganalysis.htm>.

<sup>2</sup> In 1972 Professor James Tobin proposed that a small tax should be levied on international capital transfers as a means to discourage short term speculative capital movements. While it was not well received at the time, it has resurfaced from time to time as a means of raising finance for international development.

having the added advantage of discouraging such transactions and thereby promoting greater global economic stability (which was the original reason given by Professor Tobin for proposing such a tax). The GPGF would also be used to assist countries struck by natural disasters and other human emergencies. Felice quotes estimates that some \$27 billion could be derived annually from such a tax.

To address alleged abuses of economic and social human rights, Felice proposes that the UN approve an expanded Optional Protocol to the International Covenant on Economic, Social and Cultural Rights (ICESCR). This would allow that treaty's monitoring body (formally the Committee on Economic, Social and Cultural Rights; I will refer to it simply as the Economic Rights Committee) to hear directly from individuals and groups in civil society who are currently denied economic and social rights protection and would replace self-reporting by states with petitions from individuals and affected groups relating *inter alia* to violations of international law by the international financial institutions (IFIs) and transnational corporations (TNCs). While Felice recognizes that at present states are unlikely to be willing to give much power to the Economic Rights Committee, he believes that advocacy groups in civil society would be able to use the Committee's judgments to mold public opinion. Ideally, he would like to see the IFIs and TNCs sanctioned when judged in violation of human rights through a procedure similar to that now used by WTO in dealing with trade disputes.

To tackle the daunting problems of the environment, Felice proposes setting up a World Environment Organization (WEO) as a UN specialized agency to replace the UN Environment Program (UNEP). Here again, the WTO is seen as a model for resolving disputes between states—in this case on environmental issues—based on a set of internationally agreed-upon environmental management practices. WEO would be empowered to monitor and enforce international environmental treaties, much in the same way as the International Labor Organization (ILO) has attempted to ensure adherence to established labor standards. Felice sees the ILO's tripartite governing structure, characterized by equal representation of governments, businesses and labor groups, as one to be emulated. He argues that by giving WEO overall responsibility for environmental treaties, bureaucratic overload could be reduced since at present there are numerous treaties with separate procedures to be followed. By channeling all environmental matters through one organization the present administrative complexity could be reduced. This implies that by giving WEO oversight of the Commission on Sustainable Development, the Global Environmental Facility<sup>3</sup> and all environmental aspects now handled by other international organizations,<sup>4</sup> coordination would be improved and the wasting of resources resulting from overlaps would be reduced.

The WEO would be guided by such basic principles as “the polluter pays” and “the precautionary principle,” meaning that no potentially damaging activity should be undertaken until it

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<sup>3</sup> The GEF was established as a permanent international fund in 1994 administered by UNEP, the UNDP and the World Bank to assist developing countries to tackle environmental problems that had a global impact. It has become the largest multilateral source of grant assistance for environmental protection.

<sup>4</sup> These would include the Food and Agricultural Organization (FAO), the UN Industrial Development Organization (UNIDO), the World Meteorological Organization (WMO), and the World Bank.

could be shown to be harmless. The WEO would be expected to vigorously promote the implementation of Agenda 21 agreed upon at the 1992 Rio Conference on the environment. To give it clout, WEO would need to be well resourced. Felice proposes that it be funded by the GPGF and a Global Demilitarization Fund (described below), and thus would not be held hostage to donor funding.

The Global New Deal would give special priority to states meeting the basic educational and health care needs of the poor, and especially those of racial and ethnic minorities. Felice envisages that the UN Minority Rights Committee would be given enhanced responsibility for monitoring states' performance in this regard. The Committee would scrutinize IMF conditionality to ensure that such provisions do not adversely affect the poorest groups in society. Felice sees the role of the UN treaty bodies to "hold states accountable to their words," and to "push states parties to practice what they preach" (225).

Promoting women's rights would also be a priority for the Global New Deal. The reference point here is the 1995 Beijing Platform of Action established at the Fourth World Conference on Women, which called on governments to prepare plans of action to implement the conference's agreed goals. Women's rights are spelled out in the 1981 Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), which by 2002 had been ratified by 168 states. The monitoring body for this convention (also called CEDAW) would monitor states' compliance with their obligations under the Treaty and their commitments spelled out in their action plans and report their findings to the ESC. Due to its importance in enhancing the status of women in the long term, women's education would be given especially close scrutiny.

Lastly, the Global New Deal would include two international organizations aimed at global demilitarization – namely, an International Verification Agency (IVA) and a Global Demilitarization Fund (GDF). The IVA would take over responsibility for monitoring nuclear and chemical disarmament and expand its verification function to include conventional weapons. It would build on the success of existing international agencies in ensuring compliance with the 1997 Convention on the Prohibition of the Development, Stockpiling and Use of Chemical Weapons and their Destruction (CWC), the 1999 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Land Mines, and the Comprehensive Test Ban Treaty (CTBT). Felice argues that experience to date demonstrates the effectiveness of global monitoring and verification and that the proposed IVA would build on these efforts to create a global framework for promoting disarmament and peace.

Felice proposes the creation of a GDF funded by states, which would allocate one-fifth of their savings from disarmament—an idea first launched by the Nobel Peace Prize winner Oscar Arias. The GDF would in turn fund the IVA, as well as provide assistance to mitigate famines, natural disasters, and resource depletion and even "be the key to adequate financing of WEO" (231).

### **Attainable Vision or Just a Pipedream?**

It would be easy, though cynical, to dismiss the whole Global New Deal scenario as naïve wishful thinking—a pointless exercise in daydreaming. Yet, the "vision thing" could be a useful

exercise if it were accompanied by a hardheaded assessment of the political feasibility of gaining international support for such radical reforms. Felice offers no such analysis. In a few places in his book, he does acknowledge the difficulty of persuading the United States to “buy into” international cooperation initiatives within the UN framework. In recent years the US Congress has been even less interested than the Executive branch in working through international organizations. The lack of US commitment to the UN framework is a major stumbling block. The US is not alone in its reluctance to cede its sovereign prerogatives to supranational bodies, but it is surely the most important actor unwilling to make such a commitment.

Although published in 2003, Felice’s treatise contains only a passing reference to the horrifying events of September 11, 2001. No account seems to have been taken of the impact that the “war” on international terrorism and the Iraq war have had on the Bush administration’s thinking about the future role of the UN and other international organizations. Rather, their preference seems to be to work through a “coalition of the willing,” a concept which could easily be expanded beyond the war on terrorism. The growing interest in regional trade arrangements in response to the failure of the WTO’s 2003 Cancun meeting is another example of bypassing the UN institutional framework.

As the hegemonic power, the US rejection of the Kyoto Treaty, its refusal to participate in the International Criminal Court at The Hague, and its opposition to the Land Mines Convention are all pointers to the political infeasibility of Felice’s radical proposals. It is hardly realistic for the rest of the world to pursue global institutional reform without constructive US participation. This is all the more true given the different worldviews. For example, Jacques Chirac’s vision of a multi-polar world is at odds with George Bush’s brutal assertion that countries are either “with us or against us,” a difference that contributed to the stand-off at the Security Council in 2003 over how best to deal with Saddam Hussein.

We still live in world of sovereign states where most political leaders are motivated by their perception of their national interest within a fairly short-term horizon. Even more bleakly, we must recognize that a majority of national leaders are part of entrenched elites ruthlessly pursuing short-term interests, often with scant regard for the rule of law except as a tool to advance their own agendas. Governance within nation states across the world is for the most part highly deficient, offering a poor base on which to attempt to construct a model system of international governance based on transparency, accountability, democracy and the rule of law.

Given this context, one can legitimately raise a question on the appropriate sequencing of efforts to bring about global governance reform. To what extent does constructing an idealistic vision of the future international institutional architecture usefully serve to build a consensus, rather than frighten off the uncommitted? Might not a more practical alternative be to seek reform through a series of modest, more easily achieved and less threatening steps to improve the functionality of what exists and fill in obvious well-identified institutional gaps?

Underlying this question is an even more fundamental question, namely that of political commitment to such reform. For well-earned reasons, bureaucracies have a poor image and this is particularly true of UN bureaucracies, which are perceived wrongly or rightly as secretive, ineffective and unaccountable. It is hard to see how proposals to vastly expand their remit, as implied in the

Global New Deal, would gain either popular support or the support of national bureaucracies that can always be counted on to jealously guard their freedom of action. Even if the state of national governance were less dire, sovereign governments would be certain to favor a much more modest program of global institutional reform than what Felice proposes.

Each one of Felice's proposals summarized above will be highly contested. For example, I personally would strongly oppose submitting the IFIs to the oversight of an ESC that operates along the lines of the current UN Security Council even were its membership and voting structure reformed to give greater weight to developing countries. The positions taken by the economically more powerful developing countries on the Boards of the World Bank and IMF have mostly been to oppose governance reform involving greater transparency and accountability and hence to protect and entrench the benefits enjoyed by the governing elites at the expense of the poor. Paradoxically, the present voting rights give greatest weight to countries with the largest economies, which are also mostly the developed democracies with governments that are more concerned to promote pro-poor policies than are the governments of the poor countries. Nor am I attracted to the twenty-twenty proposal; I see it as over simplifying the complex issue of optimizing the allocation of public resources to achieve poverty reduction. Furthermore, I am not convinced that the Tobin tax is practicable—I would prefer to see more special drawing rights (SDRs)<sup>5</sup> issued to bolster the resources available to poor countries.

### **Limits to Consensus Building**

Faced by the stark failures of global collective action and the glaring problems of persistent widespread poverty, huge income inequalities, appalling human rights abuses, pervasive corruption and life threatening environmental degradation, one might hope that it would be easy to mobilize governments around a program of action to put the world's ills to right. The experiences of the last century and the remarkable scientific and technological progress that has been achieved surely provide a solid basis for establishing such a program of action. Unfortunately this is far from the case. In practice, as we know all too well, not only are the political disagreements profound, but even at a technical level it is hard to get agreement on what should be done either in terms of the environment or in terms of economic and social development. Political and technical differences compound the problem of designing global institutions that are the essential framework for global collective action. The dramatic institutional reforms explicit in the Global New Deal are bound to come to grief on these formidable hurdles.

My concern at the extraordinary optimism of Felice's The Global New Deal and its lack of political analysis spurred me to revisit Samuel Huntington's remarkable but darkly pessimistic work on The Clash of Civilizations and The Remaking of World Order (1996). The contrast with Global New Deal is sobering indeed, but a necessary reminder of the deeply rooted obstacles to global institutional reform. Huntington's masterful treatise presents the ultimate exposition of *realpolitik*, with its somber message of how profound, persistent and irrational are the forces that divide the

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<sup>5</sup> SDRs are a form of international monetary asset, equivalent to foreign exchange, issued by the IMF to its member countries in proportion to their quotas as a means of boosting global liquidity. They could equally well be allocated to the World Bank and regional development banks as a source of development finance.

peoples of the world. In the emerging order, Huntington sees clashes of civilization as the greatest threats to peace. He charts how, over more than a millennium, the West and the East—especially Christian and Moslem—have struggled for dominance—cultural as much as economic and political. He demonstrates how issues viewed through distinctive cultural lenses can become intractable differences. The aftermath of the Iraq war is a striking reminder of this, if one needed one. Even where the cultural differences seem minor on the scale of world affairs, the clashes can appear irreconcilable, as has been the case in Northern Ireland.

Huntington laments what he perceives to be a decline in law and order across the globe. Growing levels of crime, drug addiction, and violence, and a general weakening of the family, trust within society and social cohesion all seem to point towards “sheer chaos.” On a worldwide basis, he opines “civilization seems to be yielding to barbarism, generating the image of an unprecedented phenomenon, a Global Dark Ages, descending on humanity” (Huntington 1996: 321). More in hope than in conviction, Huntington adds as the very last sentence to his treatise, “an international order based on civilizations is the surest safeguard against world war” (ibid.), but gives us little insight into how that new world order might be constructed. How much harder the task must now seem seven years on. Felice’s proposals for remaking the world order seem oblivious to these difficulties.

Despite the “vacuousness of Western civilization and the reality of global cultural diversity” (ibid., 318), Huntington was able to find significant commonalities among civilizations—a residual of shared values that condemned violence, human rights abuses, deceit, oppression, torture and tyranny. In this he saw the key to building a new world order, perhaps no less likely than Felice’s vision, but at least one that takes more account of the fundamental driving forces of human motivation.

### **Is There a Way Forward?**

A building, if it is to last, needs a solid foundation. In the case of the architecture of global institutions, these foundations must be based on a full recognition of the realities of global and national politics. There are three basic truths that are particularly relevant to this discussion. First, most countries have very weak systems of governance; those in power are generally corrupt and ruthless, driven by selfish personal agendas.<sup>6</sup> Even within the Western democracies that supposedly have the best-developed political systems, corruption is endemic. Recently, the whole European Commission was forced to resign in light of a damaging audit report. This year a former French Prime Minister has been convicted of corruption and last year the Italian Prime Minister faced prosecution. As we know from Transparency International’s Corruption Perception Index,<sup>7</sup> the situation is far worse in the less developed countries. A series of global governance indicators have been compiled that set out in some detail the sorry state of affairs.<sup>8</sup> It is hard to build a global system

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<sup>6</sup> The research literature that chronicles this sad state of affairs is voluminous. See for example the *Global Corruption Report* (Transparency International, 2003); *Governance – The Critical Factor* (OED, World Bank, May 2001), *Anticorruption in Transition: A Contribution to the Policy Debate* (World Bank, 2000).

<sup>7</sup> For an explanation of this index see [www.transparency.org](http://www.transparency.org).

<sup>8</sup> See <http://www1.worldbank.org/publicsector/indicators.htm> for details.

of good governance in a world of sovereign nation states that themselves have corrupt, exploitative and unaccountable governments.

Second, bureaucracies, whether national or international, are inefficient and self-serving. The Global New Deal has touching trust in international bureaucracies. Having been part of an international bureaucracy for a quarter of a century—by reputation, one of the best that there is—I can vouch for their limitations. The staff is by and large dedicated and professionally competent. But international institutions are run by governing bodies that are intensely political and comprised of representatives of national governments with short term national agendas. Most of their problems stem from these simple facts.

Third, all global initiatives must be pursued in a multicultural world riven by differences in values, perceptions of our shared reality, and even in technical judgments on almost every critical issue. The best one can hope for are second- or third-best agreements on an essential minimum set of actions to begin constructively to address global problems, reduce injustice, and mitigate environmental degradation. In most instances these agreements are reached with great difficulty by political leaders who most likely have haggled all night only to emerge bleary-eyed with decisions that will inevitably be viewed by the interested parties as unsatisfactory compromises. These may take the form either of “hard” law (i.e. binding treaties which may include enforceable sanctions for law-breakers as is the case with WTO) or “soft” law (i.e. declarations and conventions without significant enforcement power other than peer pressure). In neither case is it easy to deal with delinquent states, especially if they are geo-politically powerful.

Despite this flawed process, there are grounds for optimism. Over my four decades of exposure to “development,” I have been struck by the large number of extraordinarily dedicated people, selflessly engaged in assisting poor and disadvantaged people. Some are found in government agencies struggling to overcome constraints of public service. But the bulk is found outside government, in non-governmental organizations, community based-organizations, research institutes, cooperatives and the private sector. They make up what is loosely termed “civil society.” They are scarcely mentioned in Felice’s manifesto for a Global New Deal. Yet, the hope for a sane future rests mostly on the energy and the idealism of the active members of civil society. People—not bureaucracies—bring about reforms.

Taking up this theme, John Clark (2003) has pointed to the rise of civil society in the post Cold War era, nurtured by the Internet—the so-called network society. He sees civil society organizations as increasingly effective in pressuring governments and international organizations to be more accountable and more responsive to the needs of society both local and global. While the democratic processes within nation states impose a crude yet effective accountability on national governments, Clark argues that national governments acting on the global stage have political constraints and bureaucratic limitations that tend to undermine or delay global reform. It is in this arena that global civil society is needed to help drive the reform process.

I am not so naïve as to believe that networked civil society is entirely constructive in its campaigns. On the contrary, many well organized groups have agendas that they promote with fanatical zeal—many of which I find to be seriously misconceived. These include movements to

limit world trade, advocate against genetically modified crops, oppose hydro-electric dams, and so on. But no one can seriously doubt that the activities of these NGOs have forced both national governments and international organizations to be more open or more responsive to citizen concerns—to say nothing of accountability. In a more transparent world, powerful vested interests have more difficulty doing deals with powerful politicians and bureaucrats. An active civil society can alone generate the momentum that might eventually lead to a Global New Deal, but the elements will surely be different from those advocated by Felice. He has, nonetheless, served us well by proposing a set of precise reforms and thereby stoking the debate. Inevitably, the process of global institutional reform will be incremental and messy, but the outcome will be better in the end.

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