

DISCUSSION PAPER

RE-EXPLORING MULTILATERALISM

“There is a “hopeless mismatch” between the global challenges we face and the global institutions available to confront them, [...] now is the moment for reconciliation in the international community around a unifying agenda for global action.”

Rt. Hon. Tony Blair MP

Georgetown University, Washington DC, May 2006¹

Ailing multilateralism

The process of globalisation has produced an increasingly interconnected world, which extends far beyond the realm of business and technology. The challenges and opportunities this interdependence creates require international cooperation on an unprecedented scale.

More effective global action may not necessarily translate into public policy which benefits all those involved. Acting to preserve sovereignty and promote self-interest in ways which often undermine the legitimacy of global cooperation remains increasingly commonplace.

Global dominance and the lack of leadership

“American foreign policy is more than a matter of war and diplomacy. Our work in the world is also based on a timeless truth: to whom much is given, much is required.”

George W Bush, US President²

In recent times the world has witnessed the largest global actor with a unique potential to propel multilateralism to new heights, fail to fulfill that role. The US provides the largest share of the United Nations budget, which stood at 22 percent in 2006 or a contribution equating to \$US1.42 per American. This is compared to Japan, who is the second largest contributor and provides \$US3.94 per capita or 19.47 per cent of the budget. Yet, the largest budgetary contributor severely compromises the UN’s operational ability by continually settling its contribution in arrears³.

The US’s post 9/11 foreign policy agenda, promotes democracy where the outcomes arguably suit its own narrow purposes and interests. This often produces an inconsistent approach and has created a leadership void, which now desperately needs to be resolved in order to strengthen pro-democracy initiatives. History and recent

events suggest the challenge necessitates not only a shift to a more multi-polar world order but more importantly a shift to international institutions with the power and a mandates to get the job done⁴.

Political transition

Perhaps the time has come to explore whether the demands on multilateralism exceed its abilities⁵ Can it really provide effective and efficient global governance while being representative, accountable and fair⁶ What are the principal priorities for promoting workable and effective multilateralism? How can appointed leaders, such as Ban Ki-Moon and the new US Congress, or the successors to, Blair, Chirac and Obasanjo work towards achieving better multilateralism where citizens, public institutions and political leaders improve the way they cooperate, in order to bring about change⁷ Finally, during the process of political transition, will the time needed to build new relationships and alliances adversely affect the pressing need to move forward and deliver in priority areas⁸

It would be over optimistic to assume that many of these issue could be immediately addressed, however a failure to learn from the lessons of 2006 could damage the prospects for progress in 2007.

The impasse in world trade

“Consensus is sometimes painful, and sometimes the places we reach are lowest denominators, not highest multipliers.”

Rt Hon. Donald McKinnon, Commonwealth Secretary-General⁹

After almost five years of protracted multilateral trade negotiations, the credibility of the World Trade Organisation was dealt a massive blow when the Doha Development Round was indefinitely suspended in July 2006. Since the inception of this trade round, the commitment to a successful conclusion has been characterised by high rhetoric and empty gestures. In spite of repeated attempts to reach a broad agreement, stalemate between the US on its farm subsidies, the EU on its agricultural tariffs and key advanced developing countries (e.g. Brazil and India) on liberalising their domestic markets could not be overcome. Over the years, the sluggish developments in the Doha Round have led to

⁴ Guy Dinmore, “A Uniform trend? How democracy worldwide is on the back foot”, The Financial Times, 17 January 2007.

⁵ Philippe Moreau-Defarges, “Le multilatéralisme et la fin de l’histoire”, Politique étrangère, Autumn 2004.

⁶ Richard Higgott, “Multilateralism and the Limits of Global Governance”, CSGR Working Paper, No.134/04, May 2004.

⁷ Rt. Hon John Battle MP “Redefining Multilateralism; the Commonwealth as a Catalyst for Change,” a Foreign Policy Centre and Hill and Knowlton public lecture, 30 November 2006 (<http://fpc.org.uk/fsblob/836.pdf>)

⁸ Simon Maxwell, “The Global Development Agenda in 2007”, OpenDemocracy, http://www.opendemocracy.net/globalization-institutions_government/development_agenda_4210.jsp. (21 December 2006)

⁹ Rt Hon. Donald McKinnon, “Redefining Multilateralism the Commonwealth as a Catalyst for Change,” a Foreign Policy Centre and Hill and Knowlton public lecture, 30 November 2006 (<http://fpc.org.uk/fsblob/836.pdf>)

¹ Tony Blair, A Global Alliance for Global Values, <http://fpc.org.uk/fsblob/798.pdf>, The Foreign Policy Centre, September 2006

² George Bush, 2007 State of the Union Address, The White House <http://www.whitehouse.gov/stateoftheunion/2007/index.html>

³ United Nations Association of the USA, UN-US Fact Sheet, “All about the United Nations budget,” June 2006.

accelerated recourse to preferential trade agreements such as Central American Free Trade Agreement (CAFTA) and Economic Partnership Agreements (EPAs) between the European Union and ACP (African, Caribbean and Pacific) Countries. However, in Africa this could jeopardise longstanding regional agreements to promote intra-African economic co-operation so desperately needed to accelerate development. In the case of Latin America, the overriding dominance of the US in the regional blocks is likely to crowd-out economic growth and development in smaller member states.

There are many who believe that unlocking negotiations represents an important step toward integrating the poor into the international trading system. However, critics feel that present negotiations need to be scrapped and start afresh, as developing countries are being asked to give up far too much for far too little in return.

In a last ditch attempt to salvage a deal, there have been high profile Washington visits by WTO Director General Pascal Lamy in November 2006 and more recently the European Trade Commissioner, Peter Mandelson. Even the 2007 World Economic Forum in Davos hosted a series of bilateral meetings between officials in an effort to step up talks to reach a framework deal. However, in spite of this flurry of activity, many believe that Doha is a lost opportunity and talks could be frozen until as late as 2009. The US Trade Promotion Authority (TPA) which allows trade deals to be submitted to Congress for a yes or no vote is due to expire in July 2007. In addition, the US Farm Bill is due to be renewed this year, which could bring about increased agricultural subsidies covering a five year period. All of this makes Doha increasingly impractical to achieve.¹⁰

In spite of Doha's current precarious predicament, there are many optimists who recall the last global trade negotiations - the Uruguay Rounds. Having missed its initial deadline in 1990, it was suspended for three years because the EU had been reluctant to reform its farm policies. However, in the winter of 1993 the EU was able to reduce a sufficient level of agricultural protectionism to revive and successfully conclude the round.

In addition to Lamy and Mandelson, Doha supporters in the newly-elected US Congress now controlled by the Democrats could feasibly push back the TPA expiration date as well as the renewal of the US Farm Bill. The 2008 presidential elections and resulting change in the White House could support a shift in policy. In addition, in the twilight of his premiership, Tony Blair can be certain that his successor will pursue trade reform with renewed vigor. Gordon Brown has an intense dislike of the EU's sluggish shift toward agricultural liberalisation. Brown believes that redressing economic injustice lies at the heart of making progress on global development and international security issues. Brown's unfettered determination could drive Common Agricultural Policy

(CAP) reform when the European Budget is reviewed in 2008/09 and ultimately this move will reignite Doha, potentially refocusing world trade on the needs and interests of developing countries.¹¹ However, the results of the 2007 presidential elections in France could make this difficult to achieve. France remains the EU member state most opposed to a deal. France feels European farmers will be exposed to international competition which could destroy the agricultural sector. Ironically, this sector represents less than 10 per cent of the population in Europe, while in Africa more than 60 percent of the population in Africa rely on this sector to sustain their lives and livelihoods.

Losing hope; the prospects for peace in the Middle East

1. What to do in Iraq¹²

The 2003 invasion of Iraq by the US and its allies has left in its wake violence and counter-violence. Iraq's rapid descent into what many regard as a civil war, as Sunni and Shiite insurgents battle it out on Iraqi streets, has compounded existing regional instability. The fundamental challenge is to end civil war, reconstruct the Iraqi state and other public institutions as well as avert spiralling regional unrest.

Recently in a speech by the US President George W Bush, took personal responsibility for the "mistakes" committed in the US strategy in Iraq and pledged to commit an additional 21,500 extra troops. This could bolster the level of US forces from 132,000 to more than 150,000.

However, the present US administration has failed to engage with Iran and Syria, in stark contrast to the key recommendation outlined by the Iraq Study Group led by James Baker and Lee Hamilton. In addition, the White House approach has refused to accept the role of the Israeli-Palestinian conflict in the current crisis.¹³

As Tony Blair completes his tenure at no.10, he will recall that British military interventions in places like Kosovo and Sierra Leone were arguably regarded as relatively successful. However, this was only in contrast to his predecessor John Major who failed to intervene during genocides in Rwanda and Bosnia. Yet, many would disagree that the Iraq war (considered as unlawful by many) represented real humanitarian intervention and furthermore this action has done very little to establish peace particularly for the people of Iraq and global security¹⁴.

¹¹ Bergsten Fred, "Plan B for world trade" the Financial Times, p13, 15 August 2006.

¹² International Crisis Group, "After Baker-Hamilton: What to Do in Iraq," Middle East Report No.60, 19 December 2006.

¹³ Edward Luce and Demetri Sevastopulo, "Bush adds 21,500 to Iraq force" and Guy Dinmore "Strategy rejects diplomatic offensive with Iraq", the Financial Times, p7, 11 January 2007.

¹⁴ Mary Riddell "Even in the twilight, Blair can make the world a better place," The Observer, p 21, 14 January 2007.

¹⁰ House of Commons Library, "The WTO Doha Development Round: Where Next for World Trade?," Research Paper 06/43, 21 September 2006.

2. Israel-Lebanon war

In July 2006 the world witnessed the horrors of the Israel-Lebanon war. This was triggered by the kidnapping of two Israeli soldiers by Hizbollah forces and highlighted “*the explosive nature of tensions along Lebanon’s southern border.*”¹⁵ In spite of Israel having withdrawn from the region in 2000, it maintained a presence in the disputed Shebaa Farms territory. In addition, Syria retained a strong influence on Lebanese internal affairs, through its allies on the ground, despite having withdrawn after the 2005 assassination of former Prime Minister Rafik Hariri. While the passing of UN Security Council Resolution 1701¹⁶ aimed to put an end to the conflict between Israel and Hizbollah, it was widely believed that the UN’s failure to act promptly and decisively cost the lives of over 1000 civilians, the destruction of thousands of homes and economic infrastructure. This sentiment was echoed by the former UN Secretary General Kofi Annan when he stated: “*the widely perceived delay in drafting a resolution had badly shaken global faith in the UN.*”

Lebanon is entangled in a mushrooming crisis which has been fuelled by a number of internal and external factors creating a political impasse and civil unrest. Domestically, there is a polarised society divided along clan, family, regional, social and ideological lines. Public institutions are weak and lack credibility and sovereignty needed to galvanise support from all Lebanese communities. The parliamentary majority is heavily dependant on the financial, diplomatic and political support provided by Western donors which the Hizbollah-led opposition does not consider to be representative of national political interests. Internationally, Lebanon is vital to Israel’s security and Washington’s regional strategy. As well as this, the country is important to pro-Western Sunni Arab regimes and the rising ambitions (and interests) of both Tehran and Damascus.¹⁷

Ending Lebanon’s use as an arena in which regional and international conflicts are played out. Accomplishing this would go some way to achieving sustainable peace. Integral to any plan in the region is a restoration of diplomatic relations between the US and Syria.

The crisis in international financial institutions

Both the World Bank and International Monetary Fund (IMF) have the potential to become two strong multilateral institutions, promoting global financial stability and international development co-operation. Yet, in their current state, neither institution is fit for purpose and both require radical reform. Prioritising the reform of the IMF as opposed to trying to do too much too soon by driving

for reform in both institutions simultaneously, is perhaps the best way forward.

In September 2006, the annual meetings of the IMF and the World Bank in Singapore saw marginal reforms in the voting structure of the Fund, where Board members China, South Korea, Turkey and Mexico were awarded increases in their voting quotas. However, this was arguably a very modest step towards making the IMF a more representative and legitimate global financial institution. Industrialised countries still hold a significant share of voting quotas (falling from 60.6 to 59 percent) and the developing world has very little voice. African countries for example, experienced a very minor increase, with quotas rising from 6 to 6.5 percent.

For many years, the IMF has suffered an acute crisis of legitimacy particularly since it failed miserably to contain the 1997 Asian financial crisis. For example two of the former large borrowers; China and India have led mass boycotts by refraining from borrowing (mindful of its fatal generic economic policy prescriptions). Alternatively, borrowers have rapidly completed all repayments ensuring absolute autonomy from an institution which is openly despised (by Argentina and Brazil). Increasingly, the IMF’s operations have grown to depend on loan repayments from developing country clients as opposed to contributions from wealthier economies. Ironically, the burden of sustaining the institution has now fallen to low-income economies which now represent the main bulk of its borrowers, yet have very little say in the decision-making process¹⁸

Engaging the US is imperative to pursuing IMF reform as the US remains the largest share holder with voting rights large enough to block any attempts to introduce change. However, once again timing is essential and this is only likely to prove feasible after the 2008 presidential elections¹⁹. The US will need to surrender its veto power. The Fund needs to promote a shift from short-term loans to low-income countries to more long term programmes. This will go beyond addressing macroeconomic stability (inflation, interest rates, government deficits etc.) to tackling more structural causes (access to property rights, healthcare, education, female empowerment, governance etc.) of poor economic development²⁰. In the words of the Chancellor “*a stronger focus on crisis prevention rather than simply crisis resolution.*”²¹

More importantly, as low-income countries now ostensibly sustain IMF operations (25% of the IMF membership) through their loan repayments, it is imperative that they

¹⁵International Crisis Group “Israel/Hizbollah/Lebanon: Avoiding Renewed Conflict,” Middle East Report N°59, 1 November 2006

¹⁶“Text: UN Lebanon Resolution” http://news.bbc.co.uk/1/hi/world/middle_east/4785963.stm and “UN Vote Backs Lebanon Ceasefire” http://news.bbc.co.uk/1/hi/world/middle_east/4785001.stm

¹⁷ International Crisis Group, “Lebanon at a Tripwire” Middle East Briefing N°20 <http://www.crisisgroup.org/home/index.cfm?id=4586&l=1> (21 December 2006)

¹⁸ Walden Bello, “Critics Plan Offensive as IMF-World Bank Crisis Deepens” <http://www.focusweb.org/content/view/full/881/27/>, Focus on the Global South, 26 April 2006.

¹⁹ Lex Rieffel, “No Major IMF Reforms Just Yet” the Washington Times, April 25, 2006.

²⁰ Christian Aid, “Challenging Conditions: a New Strategy for Reform at the World Bank and the IMF”, July 2006

²¹ James Blitz, “Chancellor calls for new world order” the Financial Times p2, 18 January 2007.

have a greater voice in the institution's voting structure²². This could provide much more sovereignty over their own economic policies, regardless of their weight in the global economy²³.

In the case of the World Bank, former IMF chief economist Kenneth Rogoff and Stanford Professor Jeremy Bulow argue that the Bank should transform its lending to grants²⁴. Debatably, this would help protect low-income countries from excessive debt accumulation and ensure that aid becomes more transparent. Brown calls for the Bank to concentrate its efforts on energy security and the environment. Possibly, this might go some way to better integrating emerging markets and middle income countries into the global economy as well as being more relevant to meeting current high priority development challenges such as global warming and health epidemics.

Dying in Darfur; *the Responsibility to Protect*

The Darfur conflict intensified in 2003, after rebel groups attacked government targets. The government responded by launching a military campaign against the region's black African population. More than 200,000 civilians have died as a direct result of the conflict. It is estimated that two million people have been displaced with a further two million left homeless, reliant on assistance from international donors.²⁵

The failure of the government to disarm or control Arab *Janjaweed* militias responsible for these atrocities has led to growing regional instability. In Chad, there are more than 200,000 refugees from Darfur housed in camps. In 2006, 90,000 Chadian civilians were displaced through attacks from both Sudanese and Chadian militias. This crisis also threatens to engulf the Central African Republic as its longstanding internal conflict is said to be further fuelled by direct support from President Omar El Bashir's government²⁶.

The July 2006 peace deal brokered by the African Union (AU), only saw one rebel faction ratify the agreement and violence has intensive since the peace deal signing.

The Sudanese government agreed to allow an AU peacekeeping force of 7,000 soldiers, to monitor the ceasefire. However, the force is overstretched and lacks the capacity needed to protect civilians in immediate danger. Furthermore, the AU force's mandate is due to

expire in June 2007 and Khartoum is categorically unwilling to consider a UN peacekeeping mission²⁷.

There has been broad support from Africa and the international community to block Sudan's ambitions to chair the AU. In addition, there have been renewed calls to impose more robust economic, legal and military sanctions on the Khartoum regime which include travel bans, the freezing of assets, targeting revenues from the petroleum sector as well as foreign direct investment. The Sudanese government has gone some way to immunising itself from external pressure through its trade links with countries such as China and Russia. Several Western powers including France and Germany strongly support the establishment of a *No Fly Zone*, over Darfur deterring offensive military flights.

In light of El Bashir's reticence, there have been calls for a compromise which could involve expanding AU forces, followed by a gradual deployment of UN forces to assist AU troops. This could eventually develop into an AU-UN hybrid peacekeeping force. However, Sudan insists it will only agree to a force that remains under AU control.

The deteriorating situation in Darfur demonstrates debilitating constraints in the UN's ability to operate. It has successfully challenged the global community to pursue agreement on the principles and processes required when internal conflict and state failure leads to human rights abuses: shifting the debate from *the right to intervene* to the *responsibility to protect*²⁸. How and when to intervene as well as under whose authority, are all questions that remain very contentious issues. This is particularly in light of the Iraq war recent US intervention in Somalia, but also potential cases like Iran.

Afghanistan and the failure of aid in post war reconstruction

In September 2005, a new president and parliament were elected in Afghanistan having ratified a new constitution. This new political leadership headed by Hamid Karzai has undertaken some historic measures to ensure representative government and honour the Afghan strong Muslim heritage. All this in a country made up of 20 different ethnic groups where historical conflict has been fuelled over territory, foreign control, religious values, clan loyalties, political regimes and the tension between rural and urban communities. Nonetheless, much of the country remains under the control of warlords. Once again, the Taliban (and other extremist groups) have re-emerged determined to regain control.²⁹

The crisis in Afghanistan is the product of a number of failings on the part of the current Afghan administration and the international community.

²² "EU worries about loss of influence in IMF" EurActiv, August 31 2006, <http://www.euractiv.com/en/euro/eu-worries-loss-influence-imf/article-157354>

²³ Larry Elliot, "Africa calls on Brown to Block IMF Reforms." The Guardian, 31 August 2006.

²⁴ Kenneth Rogoff, "No grand plans, but the financial system needs fixing" The Financial Times, p17 8 February 2007.

²⁵ Nick Grono, and John Prendergast, "To Halt Sudan's Atrocities, Follow the Money" the International Herald Tribune, 22 August 2006.

²⁶ International Crisis Group, "Darfur Demands Sanctions, Not Words Spreading Conflict Threatens Millions in Region," <http://www.crisisgroup.org/home/index.cfm?id=4573&l=1&m=1> (December 2006).

²⁸ Gareth Evans and Mohamed Sahnoun, "The Responsibility to Protect," Foreign Affairs, November/December 2002.

²⁹ Zainab Salbi (2006), *The Other Side of War: Women's Stories of Survival & Hope*, National Geographic Society pp134-138

Firstly, notwithstanding its recent formation, the government is weak and lacks the capacity to tackle short term economic development and provide local services across the country. It has also found itself powerless to counter the narcotics trade or implement anti-corruption measures and enforce the rule of law³⁰. In addition, severe underdevelopment of the transport and communications infrastructure, severely damaged during the Soviet-Afghan War means that central government's influence begins and ends in Kabul, principally because the country's inhospitable geography adds to the plethora of factors which make the nation difficult to govern.

Secondly, instead of advancing post war reconstruction by developing the governing capacity of fragile states, international development assistance stands accused of fuelling political instability and violence. This is principally due to the ineffective way in which aid is delivered. Former Finance Minister, Dr. Ashraf Ghani estimates that a mere 27 per cent of aid from the Afghan budget is available for direct services. Overall waste of aid money in Afghanistan ranges from 35 – 50 per cent. During Dr Ghani's time in office (2002 – 2004) he claims that for each \$US1 given directly to the Afghan government in aid, bilateral agencies had to spend at least \$US5 to achieve the same level of effectiveness. He was convinced that this margin had probably risen to \$US8³¹.

Overseas Development Assistance is transforming rapidly and volumes are rising. In the 1990s the global aid budget stood at \$US60 billion annually; however, by 2010 it is expected to rise to \$US130 billion. Albeit that there is controversy surrounding how much of this so-called rising budget represents fresh commitments to development or in fact is a recycling of assistance through debt relief. The problem is that there is a complex plethora of agencies and finance mechanisms often causing unproductive levels of competition or duplication which impose very high transaction costs and reduces aid effectiveness on the ground³².

The longstanding debate about how best to transform the international aid system advances a number of recommendations to improve aid architecture. There should be a clear distinction between politically-motivated and development-driven aid. The reality today is that many of the largest global aid recipients are middle income not low income countries. This needs to change. Increasing country ownership and participatory processes (to include civil society) which promote mutual accountability by both donors and recipients is an important development. Where possible, aid should be provided with clear targets in an effort to measure results. Yet, the risks and long-term nature of achieving economic

and social developments often means that such an approach may not always be appropriate. Policy makers need to appreciate this and develop innovative strategies to monitor aid effectiveness without compromising results³³.

Thirdly, Pakistan plays a key role in the “*global war on terror*” and is considered a key Western ally. Nonetheless, it is also a principle hub for Islamic extremism. Waziristan in eastern Pakistan is used as a sanctuary for many extremists groups including Al-Qaeda, the Taliban, the Haqqani Network and Hezb-e Isami Gulbuddin. The US provides \$US80 million each month to assist Pakistan with its counter-terrorism operations. This equates to 25 per cent of the Pakistani military budget. Congress is currently considering making aid conditional on presidential certification that Pakistan is providing full co-operation in tackling the extremist stronghold. However, more broadly there is criticism that US and UK policy continue to openly support an undemocratic military regime which is unpopular amongst Pakistanis³⁴.

Finally, NATO's current deployment in Afghanistan is wholly inadequate. There is a total of 42,000 NATO and US troops operating independently compared to a coalition totalling 162,000 in Iraq. Yet, in terms of topography, land mass, population density and areas outside the country in which the enemy finds safe haven, it is Afghanistan not Iraq that presents the greatest threat. There are very few NATO allies engaged on the ground namely the US, Canada, the UK, Denmark, Estonia and the Netherlands. France (with the exception of providing airlifts), Germany, Spain, Turkey and Italy are completely absent. Last September a call for 2500 more troops by General James Jones, NATO's senior commander drew a modest response. The US and the UK are being forced to considering deploying additional troops as Poland were to provide 1,000 soldiers and Bulgaria, Romania and the former Yugoslav Republic of Macedonia would each send a battalion of 100. As a result of this response, existing soldiers are being asked to extend their tours.³⁵

Containing the crisis in Afghanistan has fuelled debate about the future of NATO. There is growing disillusionment with US foreign policy and thus the leadership role it plays in the organisation. Ironically, NATO's euro-centric focus which now includes countries which were once part of the former soviet space come at a time when NATO's role is not widely debated in Europe. There is growing rivalry between NATO and the EU. In light of this fact, while some (France) believe that counterbalancing forces need to be created others (the US) are convinced that what is needed is a more globalised organisation.³⁶

³⁰ Anthony Cordesman, “*Stop denying the seriousness of the Afghan threat*” The Financial Times, p17, 22 January 2007.

³¹ Lorenzo Delesgues and Yama Torabi, “*Reconstruction National Integrity System Survey, Afghanistan 2007*”, Tiri p27-28.

³² Simon Bural and Simon Maxwell with Alina Rocha Menocal, “*Reforming the international aid architecture: option and ways forward*” ODI Working Paper 278, October 2006

³³ Steve Radelet, “*Fine Ways to Make Aid More Effective*” CATO Unbound <http://www.cato-unbound.org/wp-print.php?p=165>, (19 April 2006).

³⁴ Demetri Sevastopulo and Farhan Bokhari, “*US presses Islamabad for crackdown on Taliban's havens inside Pakistan*,” The Financial Times, p9, 18 January 2007.

³⁵ Daniel Domney and Demetri Sevastopulo, “*NATO allies consider extra troops for Afghanistan*,” The Financial Times, p9, 18 January 2007.

³⁶ Jela De Franceschi, “*Does NATO's Future Hinge on Afghanistan?*” Voice of America <http://www.voanews.com/english/archive/2006-09/nato2006-09-27-voa3.cfm> (26 September 2006).

Climate chaos

“Today’s interconnected world is complex; the global is now local and therefore we need to think and act locally and globally at the same time.”

Rt Hon. John Battle, MP

The UK recently published the *Review on the Economics of Climate Change* authored by former World Bank chief economist Sir Nicholas Stern. This review as well as the 2007 report by UN's Intergovernmental Panel on Climate Change (IPCC) provides examples of the clear imperative in response to an inadequate multilateralism. Stern states that “*the scientific evidence is now overwhelming; climate change is a serious global threat, and it demands an urgent global response.*” The challenge demands a dual approach which requires *adaptation* to variations in the global climate and *mitigation* of further climate change through immediate action to address vulnerability. Doing nothing will merely prove to be more costly than averting a future crisis.³⁷

Negotiated in 1997, the Kyoto Protocol only came into force in 2005. The accord represented pledges by 141 countries to reduce their greenhouse gas emissions by 5.2 percent by 2012. At the time, signatories cumulatively accounted for 55 percent of global emissions.

The EU has already implemented its own cap and trade scheme. Industries are given quotas of carbon emissions and those exceeding their allowance can buy extra credit from low polluting industries³⁸. However, this does little to change risky behaviour of high polluting industries that are able to buy pollution rights, exacerbating climate variability and environmental degradation.

Russia ratified the treaty in 2004; however advanced developing countries such as India, China and Brazil are currently exempt from the international legal framework. Yet, by 2030 it is estimated that these emerging markets will more than double their energy use and greenhouse gas emissions, resulting in a significant impact on global energy markets and climate, in the absence of energy efficiency efforts³⁹. The challenge to reduce CHG emissions in developing countries, while meeting valid aspirations for economic growth and development is imperative. However, establishing post 2012 targets for developing economies may be difficult, if not unjust (they have little if any historic responsibility for emission levels) to achieve. More importantly, poor countries need to begin to consider the impact of climate change and climate variability on their own economies as they plan their national development strategies. International donors will

be required to coordinate how they can best support this through funding and capacity building.

Meanwhile, the world’s largest polluter, the US has so far refused to ratify the treaty or cap emissions. Downing Street is optimistic that the 2007 G8 Summit will provide an opportunity to outline an heir to the agreement post 2012.

Political transition in the White House is perhaps the most likely way of guaranteeing US ratification. Bush prefers to rest his hopes on technological developments which reduce dependency on inefficient sources of energy. Yet only recently, Nancy Pelosi speaker of the House of Representatives created America’s first select committee to focus on climate change and energy independence, calling for a package to be in place by the 4th of July. In addition, after just a few weeks in office, senators have already introduced at least eight bills proposing mandatory caps on emissions. This compares to one in 2003 and two in 2005. US business interests have also been quick to become more engaged on the issue in an attempt to avert punitive legislation. This move is also in response to growing business concern regarding piecemeal regulation being introduced by different states such as Arnold Schwarzenegger, Republican governor of California⁴⁰. Waiting in the wings are at least three 2008 presidential candidates, John McCain Hilary Clinton and Barack Obama. They have proposed cap and trade systems to achieve cuts in emissions.⁴¹

Catalysts for building consensus and promoting change

The growth of development and security challenges as well as the uncertainty that surrounds them underlines the fact that promoting better multilateralism requires political engagement at multiple levels. Identifying arenas where such opportunities can be explored is important. The Commonwealth Community represents one of the oldest intergovernmental organisations. It has a reach into regional and other global constellations through its diverse membership which links actors from the grass roots to heads of state. This community provides the potential to build agreement about global governance reform across a diverse group of countries. The challenge is to use such opportunities to drive change; not to do so is to risk further instability.

³⁷ “*Development Horizons: Future Directions for Research: Climate Change*” public seminar co-hosted by the Institute of Development Studies (IDS), the International Institute for Environment and Development (IIED) and the Overseas Development Institute (ODI), http://www.odi.org.uk/speeches/horizons_nov06/22Nov/index.html (22 November 2006).

³⁸ Gaby Hinsliff, Juliette Jowit and Paul Harris, “*Bush set for climate change U-Turn*” the Observer, 14 January 2007.

³⁹ *People and Renewable Energy: China, India and Brazil could Double Gas Emissions* 24 May 2006, <http://www.peopleandplanet.net/doc.php?id=2760>

⁴⁰ Caroline Daniel and Matthew Garrahan, “*Legacy issue: how Bush is preparing an about-turn to tackle climate change.*” The Financial Times, p13, 23 January 2007.

⁴¹ Caroline Daniel, “*U-turn on climate denied*”, The Financial Times, p9 17 January 2007.

Multilateralism at the crossroads

“We have learned that we cannot live alone, at peace; that our own well-being is dependent on the well-being of other nations, far way.”

Franklin D Roosevelt⁴²

For much too long multilateralism has been used as a scapegoat for the failings of the major world powers who have underestimated the magnitude of current and future global challenges, both in terms of their real priority and in terms of tackling these challenges.

The recent unipolarity that has characterised world order since the late 1980s, is transforming into a multipolar system, where the shift in global power lacks coherence and is yet to take real shape. Consensus on a new design is far from agreed. Rising (or emerging) economic global powers such as China, India and Russia eagerly await a reconfiguration of today's global institutional architecture to reflect a real balance of power opposed to how the world stood in times past⁴³.

Confronting these obstacles requires a redefinition of the roles of international institutions and global security organisations that in spite of their numerous limitations would possibly need to be invented if they did not already exist. The process of redefining their responsibilities and re-organising their activities means that transparency and better representation (of all stakeholders) needs to be given high priority⁴⁴. This will not only help underpin legitimacy, credibility and buy-in but, go some way to embracing the opportunities and deal with the inevitable challenges that better multilateralism brings.

There are a number of urgent challenges that could swiftly generate improved global cohesion such as climate change. Such challenges can be used as building blocks for greater co-operation, as increasing interdependence (where responsibility is shared) remains the only effective way forward. Nonetheless, the absence of innovative, imaginative and bold political leadership suggests that tackling these global challenges remains a difficult.

This discussion paper was prepared following a joint Foreign Policy Centre and Hill and Knowlton November 2006 seminar entitled *“Redefining Multilateralism; the Commonwealth as a Catalyst for Change.”*

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⁴² Franklin D. Roosevelt, Fourth Inaugural Address <http://www.bartleby.com/124/pres52.html> (January 20, 1945)

⁴³ Philip Stephens, “Desperate need for a new world order” FT Report, the World in 2007, The Financial Times, 24 January 2007.

⁴⁴ Ashraf Ghani and Clare Lockhart, “Rethinking nation-building”, Opinions, January 2006, Overseas Development Institute.

About the Foreign Policy Centre

The Foreign Policy Centre is a leading European think tank launched under the patronage of the British Prime Minister Tony Blair to develop a vision of a fair and rule-based world order. We develop and disseminate innovative policy ideas which promote:

- Effective multilateral solutions to global problems
- Democratic and well-governed states as the foundation of order and development
- Partnerships with the private sector to deliver public goods
- Support for progressive policy through effective public diplomacy
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