

Whether new ideas will merely be pattered, or give effect to addressing the enormous challenges faced by global institutions and actors is still to be seen. The sociologist Raymond Aron in his “Opium of the Intellectuals” once remarked: “The truth is that all ideas are important. The massive and seemingly solid institutions of any society – the economic institutions, the political institutions, the religious institutions - are always at the mercy of ideas in the heads of people who populate these institutions. The leverage of ideas is so immense that a slight change in the intellectual climate can and will - perhaps slowly but nevertheless inexorably - twist a familiar institution into a unrecognisable shape” (New Criterion online, 9.5.2001). Embryonic debates for change and some fledgling observations about what the future should look like are beginning to filter through the corridors.

The key questions for contemplation before the final day of the big jamboree are:

- How does one inject a new sense of urgency into the Earth Summit meeting, given that the word sustainable development has lost its core emphasis of marrying the interest between environment and development?
- What should be the cutting edge issues and concerns that governments, NGOs, business and other stakeholders need to take forward to ensure that sustainable development is our way of living and acting?
- How does one create alignment between environmental, and other international agreements that ensures changes in our society are responsible, just and ethical?
- Does the international environmental governance system work, given that we have something like 500 international and regional agreements on the environment?

Since 1992 there has been an escalation of globalisation, with the most significant characteristic thereof being the creation of the World Trade Organization (WTO), an institution established to manage trade liberalisation and following suite are an increasing number of regional trade agreements. This has also been accompanied by the unprecedented rise in the power of multinationals and a plethora of civic movements and organizations all attempting to act as countervailing forces against the perceived convergence between the interest of government and corporations. The size of these corporations in terms of power and resources dwarf that of many developing countries. We have not seen in the entire human history such an unprecedented growth in wealth and poverty all lumped on us simultaneously. Perhaps globalisation is nothing new, as some would argue it existed in one form or the other if we were only to examine earlier mercantilism, the slave trade, colonialism etc, except that its present depth, range, speed and scope for both major social and economic transformation is reason for concern.

Views expressed here are not that of the IUCN, but of the author.

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From Porto Alegre, Quebec City to the Johannesburg Earth Summit: The emergence of a trans-national politics and a time for a new global system of governance.

Part One¹: Special Edition for the World Summit on Sustainable Development by Saliem Fakir, June 2001.

In September 2002 the largest ever gathering of environmentalist, industry, government, labour, NGOs and social movements will gather in Johannesburg to reflect on the implementation of the declarations and plan of actions for sustainable development over the last 10 years following the 1992, Earth Summit held in Rio de Janeiro.

There are already some indications that the Johannesburg Earth Summit may just be another jamboree of government delegations fussing over nothing. Gauging from the recently released papers from the Commission of Sustainable Development (CSD),¹ and the deliberations at the first preparatory meeting, there is a distinct lack of sparkle, both from the side of important stakeholders and government delegations. Then there is the whole Bush administration's unilateral decision to reject the Kyoto Protocol to deal with, adding to doubts as to whether the world's most powerful country will come to the Earth Summit jamboree in 2002. It is still early days before the intellectual juices flow, or as Kierkegaard would say the 'wounds of negativity' will continue to cloud the run-up to the Summit. Changes over the last ten years entail that Agenda 21 needs to be recontextualised. As Professor Adil Najam of Boston University¹ recently pointed out, in his opening remarks to a South African government convened experts roundtable discussion on trade and sustainable development, that the word sustainable development needs to be revitalised, or the earth summit stands to have ten years of work 'unravelling'. Najam notes: "The term in its current usage, is either relegated to nothing more than an ineffectual slogan, or becomes a means of sneaking in particular narrow concerns into the larger agenda of social and human values"¹.

In the meantime, the UN bureaucracy grinds away with no sense of *deja vu*, but more of the same lacklustre attitude and passivity. The Johannesburg Earth Summit will lay the platform that will take the form of hearings from governments and other stakeholders on a range of issues.

An interesting phenomenon of globalisation is its ability to create dispersed (Sassen, *Reflections*, 2000) forms of economic activity. In other words corporations, especially the knowledge intensive organizations, can act across national boundaries in the production of ideas, use of labour and generation of products. In this way it draws attention to the often ineffectualness of national boundaries when it comes to labour standards, legal recourse, and taxation.

The Earth Summit will not be immune to demonstrations of civic power and civic voice, as we have seen unfold in the pastiche of events, such as Seattle, the first ever World Social Forum in Porto Alegre (organized as an alternative to the World Economic Forum, attended by the richest nations and corporations of the world), and the recent protest against the Free Trade Agreement of the Americas in Quebec City. As one local NGO magazine poignantly noted that it would provide yet another opportunity for social movements to connect (*Land and Rural Digest*, March/April 2001). The Earth Summit will fail if it were to become just an environmental jamboree, without dealing with the substantive issues which in essence is the undercurrent and the themes emerging in gatherings from Porto Alegre to Quebec City. These issues are at the heart of some of the challenges we will face in the 21st century in terms of ensuring the world is a safe place for all, where there is security of livelihoods, and protection of human rights through intensification of democracy. The anti-globalization movement is a convenient vehicle to amass an array of marginalised and disempowered groups and communities.

These are the forgotten voices and identities of people who have once placed their trust in the political machinery of modern national states, but increasingly find that their States are either powerless, or that the democratic institutions are only accessible to a select few in their society. As prominent feminist and sociologist, Suskia Sussen notes: “The movements are made up of people who feel entitled to practise politics on streets of nations where they are not citizens. They are conducting themselves as denationalised citizens in a way that interestingly parallels the formalized rights and entitlements that allow corporations to function on an international level. In other words we are seeing the globalization of citizenship”(In *These Times*. Com, March, 2001).

Despite the strong presence of social movements - led entirely by civil society organizations (CSOs) - as an important countervailing force, it is still a movement coming to terms with its own power. A well-knit vision is yet to be forthcoming and whether the movement, which mobilises entirely through the web and discreet systems of communication, will take an institutional form and present identifiable leadership remains open to question. For now its loose arrangement, spontaneity, amorphous structure, infatigable collective energies and the almost carnival atmosphere of ‘street-war’, teach-ins, and alternative media campaigns nourishes interest in the movement. This seems to attract a great deal of disenfranchised youth dissatisfied with the post-cold-

war era of consumerism, and government mediocrity. The movement provides a forum and adds weight to the voices of those excluded from mainstream institutions wherein the major decisions affecting their lives are made. It is still a camp struggling with differences of opinion between the ‘nix-its’ and ‘fix-its’, regarding what should be done with institutions such as the World Bank or IMF. The nub of the issue is whether social transformation at the global level is best achieved by abolishing the existing system of governance hinged together by various multilateral bodies, or simply by reforming it.

An additional interesting feature of the new social movement is that it is not encapsulated under one convening identity. There is a distinct move away from having ones identity as groups, networks or institutions located in the name of a single entity. There seems to be a preference for a loose alliance of issues, and groups, so that no one entity may lay claim to the entirety of the movement as its own. It would seem that in this way social movements are maintaining their fluidity, and the presence of multiple identities, claims and agendas. There is always a temptation to transform social movements into an identifiable institution and leadership cadre. As experience elsewhere shows, this can lead to leadership conflicts, possessiveness over power, and splits between different tendencies. Some semblance of this did manifest at the World Social Forum at Porto Alegre. The movement however, is still in its infancy and it is therefore premature to conclude as to whether it is just an amorphous agglomeration of spirits, or that it will emerge into a trans-national political entity taking on the semblance of a new global vanguard party representing the interest of the new left and marginalised groups. A further test to the resilience of the social movement is that if it were to also become merely a gathering of talk-shops, marginalized constituencies may soon doubt the ability of this movement to deliver tangible changes.

In a recent book titled: “*Shaping Globalization: Civil Society, Cultural Power and Threefolding*”, by the prominent intellectual Nicanor Perlas of the Phillipines, it is argued that CSOs have become the most important countervailing power since Seattle, in shaping globalization. Together with business, and government, CSOs are defining a new political state of play and spectrum, whereby any movement towards a more sustainable future would require dialogue between the three different actors. Hence, in his concept of three-folding, Perlas states: “The first key is to understand why our world is now tri-polar. It is so because there are now three contending institutional powers that reside in the world - global civil society, government and business. These three powers, through their interaction, determine the direction of world development”. However, Perlas’ analysis of CSO is too generic, as there are within the CSO community different political strands, alliances and interests, which makes the network of relationships between the tri-party actors at the global level not as distinct entities, as presented in his thesis. The reality is that the terrain is more discursive with possibilities of alliances between government and CSOs, CSOs and business, and not just business and government as his

thesis seems to posit. The concept of three-folding does leave us with an interesting question as to whether sustained and lasting global social compacts can only be achieved through inter-governmental forums and agreements? It is an issue that perhaps requires radical new ways of conceiving international governance systems and decision-making processes. Nobody would disagree that policy and action is much more enriched if the three parties are party to informing decision-making.

Although Seattle is hailed as a symbol of civic power, it is still dominated by the interests of northern civil society. It is not clear to what extent a southern agenda - which has a strong development agenda and discourse attached to it - will be allowed to prevail on issues of a more broader and vigorous notion of sustainable development. The North/South divide is a real one, and recently tensions unfolded at the first preparatory meeting for the Johannesburg Earth Summit held in New York this April. So far there is no agreement between the two constituencies on the way forward and it is rapidly turning into a bun fight over control, numbers and access to donor funds. The concerns of the South cannot be resolved by the South entering the arena with a begging bowl, but by asserting its leadership.

There are a myriad of themes and issues of importance for us in the 21st century. However, the three themes I wish to pull out as threads and that are of importance to developing countries and emerging democracies, are intrinsically tied to each other. They are the themes of governance and democracy, the trade architecture, and access to global public goods and the commons. It would seem that the effectiveness of governments to act in the best interests of their citizens is dependent on the power they enjoy within the existing system of trade and financial flows. This is both as a result of historical consequence and economic status, and the rights over the use and access to global public goods and the commons. Understanding it from this window, one begins to see a pattern of relationships between participation in the international governance system, one's trade position, and how much of the global public goods and commons one is allowed to benefit from. Ultimately, one's power in terms of political and economic influence is the matrix on which the global system of governance is built. This power is centred on trade arrangements, the effect of which cascades down to other less consequential agreements.

With the advent of globalisation democracy has become a trans-national political issue, and rightfully so as the influence of multi-lateral institutions, private corporations and even NGOs has superseded the sovereignty of many nation states in their ability to protect the rights of citizens or provide adequate forums for its citizens to air their voices. Poorer States, and those that lack a culture of democracy seem to have little or no impact on decisions that are being fostered by multi-lateral institutions such as the UN, IMF, World Bank etc. Even in developed countries with increased privatisation and deregulation, public bureaucracies are playing less of a role in providing the services that

were once perceived to be its responsibility. The consequence of this is that privatisation has also created a niche for corporations in creating new markets, and for NGOs and other social organizations to step in where public interest objectives aimed at lower income, poor and unemployed segments of society are being excluded.

The obvious point of contention for many social movements and leftist NGOs is the growing power and influence of corporations in the global governance system. Ironically and coming from an unlikely quarter, George Soros, who has benefited the most from the current free floating financial system, and the champion of the notion of Open Society¹, points out in the introduction of his book called "Reforming Global Capitalism": "Perhaps the greatest threat to freedom and democracy in the world today comes from the formation of unholy alliances between government and business". In his new book, which attempts to make critical aspersions on the immorality of markets, Soros provides a more useful insight into the conduct of fund management agencies, and the power of individual currency speculators to damage and affect the stability of whole societies, in a manner that was not possible in the past. In his crusade to promote the idea of 'open society' Soros has created numerous Open Society Foundations to provide development assistance grants for developing and emerging economies. In this way an individual such as himself has been able to singularly exert a great deal of influence over systems of governance within these countries as well. As a scholar of globalization Noreena Hertz notes: "Corporations are not society's custodians: they are commercial entities that act in the pursuit of profit, not ethical considerations. They are morally ambivalent. Often their business interests happen to coincide with society's, but this is by no means always the case" (Mail and Guardian, April 20-25, 2001).

Corporations today do not only sell products, but also encroach on cultural symbols and political life. Naomi Klein, in her famous work: No Logo warned, not a long while ago, of the potential threat that corporate expansion poses to culture and economies of the third world. She points to the many ways in which corporations are able to make in-roads by being able to appropriate cultural symbols and traditions as their own. One good example of this appropriation-to create the feel cool image has been the iconic picture of the revolutionary Che Guevara on some commercial products. Revolutions in communication technology have contributed to the profound ways in which once exclusive cultural spaces and even individual identity are potentially being dislocated from their heterogeneity for homogeneity, or what the philosopher Richard Rorty calls the creation of a 'monoculture'. The rapid expansion of corporate influence into culture has made culture a new arena for commodification in the new economy. Culture

¹ A term essentially borrowed from the Philosopher Karl Popper, who wrote a book called: *The Open Society and its Enemies*". A sort of critique of the demagogy of Karl Marx, and hence espousing liberal tenets as foundation values for democracy.

ultimately is about one's ideas, identity and political and economic affiliations. Tapping into culture is also a way to reinforce particular notions of economy and politics. It is to create the cult of brand following.

If you want, cultural diversity is the last frontier of the global commons, under pressure from commodification. Or as Jeremy Rifkin argues, that culture in this era of rampant commercialism becomes just another paid for experience leading to the erosion of the idea of authenticity and the effacing of the shared values of generosity and empathy for others. Corporate ethics is such a rare commodity that it is becoming a currency of major value, being fought over for in corporate advertising campaigns. Shell recently launched a major public relations drive to redeem itself from the tarnished image it had generated following unsavoury incidences in Nigeria where it has major oil interests. Shell is desperate to claim a stake at being an ethical and clean company, and launched an interactive debate over the web called: the Principles vs Profits debate. In addition to this it also created an open interactive forum called "Tell Shell", inviting the public to comment on its latest environmental and social audit². This seems to fly in the face of more rapacious free-marketeers, who argue that markets are not about morals but profits and efficiency. As Soros in his book, and a glimpse of recent corporate strategies seem to indicate moral currency cannot be bought, it has to be earned through ethical conduct.

The UN Secretary General, Kofi Anan, presented in 1999 a challenge to international business and industry to voluntarily agree to adopt an international code of conduct or Global Compact on issues of internationally accepted standards on environment, labour and human rights, so as to 'give a human face to the global market'. This is a recognition by the UN itself of the power of corporations, and in reality some UN programmes are being supported by private sector foundations, like the much publicised Turner Foundation grants to the UN, arousing the ire of many international NGOs. The perception of rapprochement with the private sector is source of great anxiety amongst the NGO community.

Perhaps a more telling reason for the creation of a Global Compact is contained in Anan's statement: "There is enormous pressure from various interest groups to load the trade regime and investment agreements with restrictions aimed at reaching adequate standards in the three areas I have just mentioned...But, restrictions on trade and impediments to investment flows are not the best means to use when tackling them. Instead we should find a way to achieve our proclaimed standards by others means" (Anan, Davos, 1999). While Anan's statement seems to lead one to conclude that it is the social lobbies which are causing the stir, the real pressure may in fact come from corporations wanting the UN to ease the way by delinking the agenda of universal human

² See Shell website: www.shell.com.

values and rights from that of trade. In an article written by Elaine Paine, she alludes to the fact that since Anan was appointed Secretary General of the UN in 1997, he has been under pressure to form strategic alliances with the corporate sector so as to alleviate the dire financial situation the UN found itself in. The article interestingly brings to the fore issues of global governance and corporate influence in the UN system, and whether this is a healthy partnership. There is a feeling that the name of UNs is being used to legitimise corporate interest by promoting their products through association with key UN high profile activities such as disaster response, and peace keeping. The UN could also find itself in embarrassing circumstances if one of its corporate donors were to infringe on any international norm. Perhaps the greatest weakness of the Global Compact is in the lack of a clear implementation strategy and an effective monitoring and enforcement mechanism as it is an entirely voluntary agreement and relies on the good conscience of corporate citizens. The rejection of the Global Compact has led to NGOs responding by formulating an alternative compact called the Citizens' Compact, as a means to increase corporate accountability (NGO Forum Press Release, Davos, 28 January 2000).

Trans-national politics is not only about economic rights and democratic decision-making, but it also attempts to preserve cultural diversity and identity. Trans-national politics is beginning to take shape and structure the way in which international relations will be conducted. Trans-national politics is being mediated outside of government representation by NGOs³, corporations, multi-lateral institutions, and other policy making bodies, whereas politics and policy in the conventional paradigm is thought of as the exclusive preserve of government. The diffusion of power in different entities outside of government is helping to shape the emergence of an alternative system of governance. It is at these different locations of power that new processes, norms, procedures and values are being negotiated. One need only to look at the model of the World Commission on Dams and the process engaged in, in order to realise that the power of multi-stakeholder dialogues and forums will gain increasing currency and legitimacy in the future, providing alternative forums for negotiation and the formulation of codes of conduct and social contract. This trend will continue so long as traditional institutions of governance remain exclusive. The most important outcome of the World Commission on Dams, is that its report and the 'high' legitimacy and moral currency it carries, is a source of power and influence because it is a point of reference and departure. It perhaps has more influence than certain Conventions, which have been agreed upon solely by the decisions made by governments as negotiating partners. Without a binding international agreement,

³ Hereby, also recognising that the notion of NGOs needs to be unpacked, as NGOs also have different degrees of accountability, and that corporations and governments can also and do pursue their own interests via the establishment of NGOs or through direct financial and other support.

its persuasiveness lies in the legitimacy of the process – given that all parties bought into this - and the fact that it lays out a new norm and paradigm for dealing with dams in the future. It sets out a novel process for governance and decision making around issues of large dams by the mere presence of its text. A text, that carries the collective insights, approval and aspirations of a range of institutions and entities. Who we may ask dare go back to the days prior to the Commission? This would be at a great cost to their own political legitimacy.

Citizens all over the world seem to be losing faith in the ability of governments across the spectrum of the globe, to secure freedoms and welfare for themselves and fellow compatriots. The very basis of democracy and the presence of nation States are - in terms of conventional political discourse - meant to satisfy the need for social equity; the freedom to engage in fruitful economic activity; and being able to exercise one's critical faculties. Eric Hobsbawm in a recent article in the Spectator noted the even in democratic countries the claim that parties or political leaders are representative of the voice and aspirations of their citizens is being put to question. This may also explain the rise of social movements and NGOs as new forums for voicing issues and political engagement. In his Reith lectures, Anthony Giddens, notes: "At the same time as democracy is spreading around the world, in countries that you can define as the core countries of democracy - the liberal democratic states of Western Europe, the United States, Australasia and so forth - there is increasing disaffection with democratic institutions. In almost all countries you find declining levels of trust in political leaders. In almost all countries you find declining levels of trust in figures of authority in general, professors, doctors or other professionals" (Giddens, Reith Lectures, 1999). There is this strange anomaly of citizens in mature democracies losing faith in their own systems to be democratic, and the urgency for democratic order is corraling overwhelming numbers of citizens, where democracy is lacking, to take to the streets. In these countries good governance is seen as a means for dealing with disparity and economic hardship. As Ronald Dworkin in his recent work "Sovereign Virtue: The Theory and Practice of Equality", notes: "No government is legitimate that does not show equal concern for the fate of those citizens over whom it claims dominion" (New York Review of Books, April 26, 2001).

In reality however, corporations and many social movements, while engaging in trans-national politics, are only enabled to act because of prevalence of States. Corporations can only further their interest using the State as a vehicle because international trade systems, and other agreements are negotiated between State parties. So increasingly the issue is not the lack of States, it is the use of the State as an instrument to secure maximum economic and political interest. In fact, one may argue that State instruments are - to use the Gramscian cliché - loci, whereby there are constant attempts to vest ideological hegemony and in so doing resources can be channelled to favour the interests

of particular political and economic formations outside of government. Sassen notes: "The formal political system today faces a new geography of power. Globalization and the new technologies have contributed to the shrinking of state authority and the explosion of a whole series of new actors engaged in governance activities" (Sassen, 2000). Often the locus of information, knowledge and influence exists outside of the State, forcing State institutions to be dependent on these external networks, in order to formulate the State's own positions and strategies.

The Internet revolution is largely credited for stimulating the rapid success and rise of globalisation. However, as noted by the Philosopher of Information Technology, Manuel Castells (Castells, 1996), herein also lies the danger of entrenching the current digital divide between developed and developing countries, which is likely to lead to the perpetuation of a global system of apartheid in Information Technology, as many citizens of developing countries have neither telephones nor internet. This lack of access will lead to greater political disenfranchisement and economic impoverishment. A World Bank Report for Global Economic Prospects published in 2000, notes that while the "internet is globalization on steroids", and has the potential to improve commerce and democracy in developing countries, there are still major gross inequalities in terms of internet access which can stifle opportunities or the ability of developing countries to 'leap-frog' technological gaps. In the US, 30% of the population is online compared to 0.6% in developing countries, limiting the degree of access that ordinary citizens have with regard to economic information, public policy documents, international debates, alternative opinions etc. The internet has made it possible, where countries are more digitally connected to each other, to sustain deeper levels of economic integration and hence growth (Foreign Policy on-line, Jan/Feb. 2001).

The advent of the Internet has made mass dissemination and political mobilisation possible across spatial and cultural boundaries. This power to mobilise an opposition of consumers around the world was clearly demonstrated in the GMO fracas. The strength of this opposition was not cloistered around a common accusation by the establishment that it is a coterie of a few ignoramuses instilling fear in the populace on things that are good for them. But perhaps for the first time people have had more than enough information to make an opinion, participate on online debates, and disseminate pro and counter information. The strength of the opposition was supported by substantive comment, analysis and views that could not have been possible without the virtual connections that were made possible by the Internet. The Internet has ensured that old systems of political patronage - from which they derived their legitimacy - have been made somewhat oblivious or weaker. As Sassen remarks: "The internet plays a strategic role in this re-positioning of the local" (Sassen, 2000). The communication theorist Howard Rheingold who has studied the relationship between the internet and democracy, posits the view that if the technology is properly understood and used, it "does have

democratising potential in the way that alphabets and printing presses had democratising potential” (Thornton, 2000). The recognition that the power of the internet is a source for both democratisation and control makes it abundantly clear that the idea of securing rights and securities, by merely flagging ones sovereignty and constitution, is inadequate in dealing with global problems, which are often influenced by the actions of a few people, who are unimpeachable and act at a distance from democratic control. As the Internet has had the effect of deepening economy activity, it has also the power to deepen and enrich democracy.

While sovereign States have to face the competition of having their political space crowded by entities outside of the formal political system, the ability to exercise sovereignty is also largely dependent on where in the global architecture of financial flows, donor aid and trade, nations are located. The fact of national sovereignty is now being recognised, as wholly inadequate in dealing with the challenges that new trade regimes exert on labour migration, financial flows, and other resources needed to develop sustainable economies. An additional feature is the fact that there is a growing inter-dependency between nations as no single country is self-sufficient for all its needs. All of this impinges on how national systems of governance and priorities for development are defined and structured. The current trade system also inherits its architecture from past colonial systems of patronage, except that the manner in which inter-dependency is created is couched in a new political language. As noted by participants of the trade and sustainable development experts roundtable, held in South Africa: “...that increased international trade, in and of itself, is an incomplete policy goal. It becomes a meaningful national policy goal when it becomes an instrument of the higher policy purpose i.e. just and sustainable development. All speakers and commentators highlighted the importance of contextualising trade discussions within the development and, more specifically, sustainable development discourse. Any nation’s trade policy needs to be measured in terms of how well it serves the greater national developmental goals”⁴.

Within the UN system, countries are said to hold equal votes - as this is the perception one is expected have - the reality is that the casting of votes is influenced by ones trade arrangements, debt, and dependence on external donor assistance. The more a country is dependent on the power of others, the more likely it is to come under the sway of forced persuasion and following policy agendas that are not of its own making or in its national interest. Trade policy and arrangements become an instrument in the hands of few powerful countries seeking regimes that best favour their own interest. Since trade policy and agreements have ‘teeth’, they do bite when one does not conform. And some regional trade arrangements have also extended powers beyond States to corporations, as corporate entities are empowered to exercise their muscle when needed. Recently, the

⁴ Prof Adil Najam’s summary report as mentioned in footnote 4.

Mail and Guardian (May 18-24, 2001) carried a story about the importance of the vote in the UN system. The example was given of a poor country like the Caribbean Island of Dominica. The article provides an insight into the realities of how the international governance system works and mentions: “ Ministers and diplomats from the world’s richest countries have flocked to Dominica brandishing open cheque books, suitcases stuffed with cash - and in some cases, muttering dark threats. The Caribbean has one asset for which other countries are prepared to pay big money: “a vote on the international body that sets the rules for commercial hunting of whales”. This example shows that the conclusion of multi-lateral environmental agreements are constantly subject to trade and other relationships that countries have constructed around them for historical reasons or reasons of economic dependency.

The international financial system can no longer be regulated by the single actions of a nation. This is one the main reasons why many are calling for the reform of institutions such as the IMF and World Bank, both of which have been set up for the purposes of managing the international financial system and the reconstruction of war devastated economies in Europe, following the Bretton Woods Accord, in 1947. The United Nations University, recently argued that the UN, the World Bank, and the IMF are outdated institutions (Business Day, 4.5.2001). This rejectionist or reformist camp is not confined to anarchist or radical leftwing groups and individuals. Statements of reform and concerns, while somewhat measured, are also being made by the likes of Soros and the US Congress’s Meltzer Report. The Meltzer Report calls for quite drastic changes to the World Bank. For instance, it is calling for the World Bank to cease to be a loan making institution and rather transform itself into a development agency that focuses entirely on alleviating and reducing poverty in the poorest countries of the world. On the IMF it also places a more stringent role that requires it to be less interfering in the national policies of countries to which it provides support.

An interesting debate – which, of late, has gained ascendancy - is the question of how best to shape the character of financial markets (or currency speculation)⁵, that account for the largest share of today’s international trade, outside of the exchange of real or physical commodities. Radical groups like ATTAC⁶, are recommending that a Tobin Tax (named after the Nobel Laureate James Tobin) be introduced to curb financial

⁵ Speculation is defined as “the act of buying and selling with the aim of benefiting from price movements, rather than to finance international trade, or to acquire interest-bearing assets”. In the early 1970’s foreign exchange markets accounted for \$18 billion dollars a day that were traded, by the end of the 1990s the figure reached \$1.5 trillion. (Source: War on Want: Campaign against global poverty).

⁶ ATTAC first started in France and stands for Association for the Taxation of financial Transactions to assist citizens.

speculation, and the damage that speculators cause to various currencies. Tobin suggested in the 70's that a tiny tax on financial transactions would reduce speculation and generate \$100 to \$200 billion a year that could be used to deal with global inequality and poverty. (In These Times. Com, 2000) ATTAC is growing in influence in Europe, and its call for the application of a Tobin Tax is not only gaining ground in social movements, but some governments are seriously considering this as a possibility to make direct interventions in the system of international finance and capital flows. The incentive for introducing such system wide reform in the global market is triggered by the attractiveness of using the Tobin tax to raise funds for development aid.

The economies of many countries cannot grow without the ability to trade in international markets. This is because different nations have different comparative advantages in terms of labour cost, knowledge, availability of raw materials and so on in order to be able to produce goods and services that are competitive and unique. In general, countries are better off if they can sell more onto the international markets by exporting goods and services, than generating goods only for their domestic economies. They are worse off if they are totally dependent on foreign imports, have weak currencies, are debt ridden, and do not have access to international capital. Countries which position themselves strategically can take advantage of preferential trade agreements and foreign direct investment, the more so if they are able to create a favourable trade systems which enables them to open new or more international markets. In addition, while trade agreements may often turn out to be favourable, developing countries, which lack the capacity to diversify their economies, are unable to exploit these markets.

This opening of a favourable trade position is a consequence of having the right mixture, especially for developing countries, of political presence, control of key resources upon which the global economy is dependent upon (such as oil), human resource capability and mobilisation of this in the right manner, and strategic alliances with different trading blocs. Competitiveness is also influenced by the array of perverse subsidies that artificially lower prices for products or commodities making it difficult for many countries to penetrate international markets. For example, the European Union's Common Agriculture Policy (CAP) is generally blamed for distorting international prices for agricultural commodities and the lack of diversification in many developing countries with which it has preferential trade agreements. Trade barriers, particularly in the agricultural sector by Western countries are said to cost developing country farmers about \$20 billion dollars a year (Mail and Guardian, April 20-25, 2001). Some cynics argue that this is more than the donor assistance provided to these countries by the European Union.

The Millennium Partnership for the African Recovery Programme (MAP)⁷, is a flagship initiative being promoted by President Mbeki amongst the developed countries, such as the G-8⁸, with the support of Organization for African Unity (OAU) (soon to be called the African Union). It is an attempt to improve Africa's trade position, increase the flow of foreign direct investment, transfer of technology and infrastructure such as telecommunications and channel foreign aid. The interesting feature of MAP is the linkages it establishes between different development interventions such as trade and aid, rather than seeing these issues as a single set of discrete and unconnected interventions. Conceptualisation of the issues in this manner, is to ensure that the interventions have a consistency and coherence that addresses Africa's development objectives from a common vision and political strategy.

The debate between trade vs. aid is an important one, as it cannot be separated. The verdict on whether Overseas Development Assistance (ODA) or donor aid has worked or not in developing countries is still open to debate, despite the decline of overall official aid to many developing countries over the last few years as well as foreign direct investment. Surely there must be a recognition that ODA cannot work without debt relief, and will have a modicum of impact if it does not take into account the context of trade regimes and flow of international capital that many developing countries are forced to enter into? This is evident in recent debates regarding debt relief for Heavily Indebted Poor Countries (HIPC). The international development NGO, Oxfam, in a recent briefing argued strongly that debt service spending should not be more than 10% of revenue on debt. In this way capital resources released from debt servicing will enable developing countries (especially the least developed countries, LDCs) to manage their economies sustainably, and meet the 2015 international development objectives of reducing global poverty by half; providing every child with free education; and reducing infant mortality by two-thirds. The debt relief programme that the IMF and World Bank have been asked to undertake by the G-8, is premised on the idea that there is acceptable growth of between 5-6% in developing countries. Therefore, the framework for ODA, debt, FDI, and trade needs to be all tied together and guided by the principle of overall economic sustainability⁹. A great deal of fan-fare is made from the promise of FDI providing the

⁷ Incidentally, Mbeki's plan may be derailed or punctured by the attempt of the Senegalese President Abdoulaye Wade to push forward his own version of an African revival plan, called the Omega Plan.

⁸ The G-8 is a forum for the richest and largest economies of the world, which meets annually, these include countries such as the USA, Japan, France, Germany, Britain etc.

⁹ Least Developed countries (LDCs) is home to one tenth of the world's population. They account for 0.5% of world trade and investment, and their 600million odd people earn about \$250 per year. Aid to LDCs has also declined in the last 10 years from \$17billion

solution to attracting much needed capital in countries which have low reserves of foreign currency and domestic savings. FDI however, can serve as a double edged sword: countries which have no capacity to deploy FDI effectively within the national economy can be subject to the predatory effects of FDI, which can result in causing more damage than creating good. Whereas countries with the regulatory and entrepreneurial capacity, can utilise FDI as a means for social transformation and meeting national objectives.

The global trade system is managed by the World Trade Organization. The WTO is a multi-lateral agency set up by governments to ensure that the general agreement on trades and tariffs (GATT) - which is the international accord for trade liberalisation - is adhered to. While the WTO acts across the globe to harmonise trade regimes and instruments, in recent years there has also been a rise in regional trade pacts or Free Trade Areas (FTAs). The most prominent being the North American Free Trade Agreement (NAFTA) which was signed in 1994, and is to be replaced in 5 years by the Free Trade Agreement of the Americas. This agreement was signed recently by 33 Western Hemisphere states following a two day summit in Quebec (FTAA). As reported by CNN: "The third Summit of the Americas comes as Latin American countries are scrambling for North American investment and trade preferences in the wake of plunging economic growth rates" (CNN, 19.4.2001). The carrot for the north American FTA seems to be the promise that the economies of poorer Latin American countries will gain greater security and comfort, by tying themselves to the more powerful economies of the USA, Canada, and Brazil.

FTAs are beginning to define new forms of trade arrangements and geo-political forces. FTAs are becoming the means to engage and secure economic power within a more fractured system of North/South polarity. While it is based on the premise of free trade and growth, narrow regional political interests creep in which are likely to have impacts on South-South compacts and alliances. This has major political implications for powerful blocs such as the G-77, which hitherto have represented the collective voice of the South in many of the MEA negotiations. On the one hand powerful parties who hold sway in the WTO can act across the globe but simultaneously also choose to enact exclusive rights of access and trade rules using the FTAs. If you want, they can exert pressure at different levels of the globe with great impunity. Countries that are outside of the FTAs will stand to lose a great deal both politically and economically. The FTAs, in my opinion, begin to pose new challenges for the World Trade Organization in terms of their consistency with the WTO system, international agreements on human rights, labour law and the multi-lateral agreements on the environment (MEAs). FTAs generally tend to be structured between powerful Northern economies and weaker southern ones. There are

to \$12 billion. In the meanwhile the number of least developed countries has increased from 25-49, 34 of which are located in sub-Saharan Africa (Financial Times, 14.5.2001).

also attempts at South-South FTAs, albeit that these countries are forced into these kinds of arrangements because such alliances can act as safe-guards in what is fast becoming a new geo-political landscape of structured FTAs, with their own systems of governance and access. Without South-South allegiances, developing countries stand to be excluded totally from participating effectively in the growing regional trade system that is beginning to be a new architecture for international trade. The pursuit of South-South relationships is dictated both by common interest and pragmatism, as trade regimes become more fractured. The important questions are: how do FTAs support or undermine the current global governance system; are FTAs new forms of protectionism; what kind of security, if any, can FTAs offer regarding environmental, labour and human rights?

FTAs are also premised on the somewhat universal economic paradigm of a free market as driver of economic growth and efficient allocation of scarce productive resources. The philosophical premise is refined and developed further by the liberal economist Friedrich Hayek and adopted by most free market economists today. Hayek's main thesis was that planned economies fail to efficiently allocate resources whereas open and free markets are better at the job (Washington Post, 3 May, 2001). The doctrine also holds the idea that private actors are more efficient, better managed, less costly, less corrupt, and more responsive to public needs using market demand as a signal of these wants.¹⁰ However, it is neither clear whether Hayek would have agreed to the rather rapacious nature of free marketeering that we have today, and nor whether deregulation and increased privatisation serve societal ends. There is much needed debate on the morality of the idea of free market, and whether the total relaxation of State intervention is entirely desirable. Economists tend to obfuscate moral and ethical issues by talking of imaginary market forces that act purely on basis of having the privilege of good rational disposition and insight. However, this argument ignores factors such as greed, monopoly, and exploitation that come with unfettered acts of commerce or trade. Many countries, which have gone the route of extensive privatisation, are reconsidering their policies - especially if they are to maintain a role in managing and being assigned the custody of national interest (Hertz, Mail and Guardian, 2001). In some countries like Argentina for instance, banking is wholly owned by foreign entities. The question must be: in this instance what is to be left of local content, the promotion of domestic enterprise, development of local capacity, and being able to provide long-term economic security and a social net for its citizens? In opening up economies to predatory behaviour there is the danger of consolidation of economic interest in only a few international firms and countries globally. The scope of this consolidation is not only to be seen in the conventional 'brick and mortar industries, but various service and knowledge based industries as well.

¹⁰ Well, this is contrary to the view that markets are not fathomed out of thin air either, they are also influenced by extensive advertising, and other devices aimed at generating a market where non-exists, or is needed.

One only has to look at the experience of NAFTA to get a feel for the possible direction in which FTAs are likely to go. Some economists are of the view that with the creation of NAFTA, while Mexico saw economic growth, it also saw the simultaneous rise in poverty and unemployment. Mexico exports 87% of its goods to the USA, and has had pragmatism foisted upon it by the precarious dependence it has for FDI and markets from the US. This debate shares parallels with South Africa's implementation of the Growth, Employment and Redistribution Strategy (GEAR). While GEAR has led to macro-economic stability, it has not led to growth and distribution of wealth as intended. Real economic development comes with the manner in which new capital investments are deployed in the economy (sources also being foreign direct investment), growth in entrepreneurship, the effects of repatriation of foreign earnings, favourable balance of payments, and exports. Trade and flows of foreign capital are associated with the idea of growth. But, growth in itself does not lead to removal of disparities and re-distributive goals for wealth generation. South Africa's economy has also changed from mainly the export of raw material, to more value added industries and services, which is less reliant on unskilled and semi-skilled labour. Growth with a good system of tax collection, proper deployment of social programmes, re-skilling and targeted redistribution mechanisms is what can make a dent to poverty in a country.

A recent report by the International Institute for Sustainable Development (IISD), and the Sustainable Commerce Programme of the World Wildlife Fund for Nature (WWF) raised concern about the manner in which Chapter 11 of NAFTA, (which is meant to facilitate foreign direct investment and protection of foreign investment interest between the countries of Mexico, USA and Canada) is being used to challenge a range of public regulations. The report states that: "... the implementation of Chapter 11 to date reflects a disturbing lack of balance between the protection of private interests and the need to promote and protect public welfare". A large proportion of these cases, the report notes, are environmental laws and regulations. A recent episode, which has brought this issue to public attention, is the case of the California based company called Metalclad. Metalclad sued a Mexican municipality claiming that it infringed on its right to engage in profitable business. The municipality was applying a restrictive zoning policy when it attempted to protect a local water supply from contamination with toxins arising from the activities of the company (The Toronto Star, April 18, 2001). The report also points out that salient features of investor rules captured under Chapter 11 of NAFTA are being used to provide a working model for the Free Trade Area of the Americas.

This all points to the fact that global trade regimes, and more specifically the emergence of FTAs are becoming new playing fields where universal norms and standards established around human rights, labour and the environment stand to be reversed for more callous trade arrangements.

In Summary: The management of global and national environmental resources are intrinsically tied to the relative powers that countries enjoy with regard to their trade position, and influence within the existing system of global governance. The emergence of new formations of power and social transformation such as corporations and NGOs, are having an impact on the policy decisions of national governments, and hence the lives of ordinary citizens. The decisions of these forces are revolutionary in scope because of their ability for spatial dislocation and differential degrees of penetration are made possible by changes in global telecommunications. The rights of citizens, especially second and third generation rights regarding economic opportunity and healthy environments, are no longer guaranteed solely by the conventional units of political organization and engagement such as the State. Transnational politics is creating a new avenue of engaging power and influence that can only be dealt with by re-examining the fundamental premises of the current system of global governance. This system is hinged together by international trade agreements, which supersede and cut across all other international Conventions aimed at protecting and promoting the notions of universal norms and rights. Trade agreements have the indignity of forcing upon us first, which the philosopher, Thomas Hobbes in his Leviathan, has termed the pursuit of 'vital interest' - that primordial of all instincts which is self-preservation - and then the more noble goals of human empathy, justice and equality. This is the pecking order under which MEAs are unfortunately stacked.

The summit offers an opportunity for aligning sustainable development goals – in the more broader sense of the terminology – to trade, FDI, debt and aid by placing the trade agenda squarely on the scoring sheet of achievements, thereby adding to the potential to generate more meaningful agreements and decisions, that will fundamentally define the path to the future. A path that is not only written in a glossy text, but is founded on tangible and visible actions. The opportunity for alignment offers a more wholesome approach that embraces the core concerns of poverty and just development. The issues of trade, debt, FDI and donor assistance all form one intricate circle governing the very freedoms and actions that nation states can exercise. In the next article a closer examination will be given to the implications of this on the management and access to the global commons. More specifically, concerns around the General Agreement on Trade in Services will also be evaluated.

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