

Global governance for an interdependent and poverty-free globe: revisiting the challenges

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Poverty is a global phenomenon that inhibits the progress of humanity-one segment of humanity cannot live in sustained affluence along with another part of humanity living in perennial poverty. It is the task of the new global governance to ensure the establishment of a mechanism for such a sharing and caring of global community of nations.

Introduction

Global problems, and consequently, challenges that originate in managing such problems are growing fast: environmental degradation, climate change, deforestation, destruction of biodiversity and ecological imbalance, unsustainable and unplanned use of natural resources, refugee influx, international terrorism, ethnic clashes and drug abuse and drug trade, to mention but a few. With the growing inter-dependence among countries and people, driven by economic globalisation and revolution in communication technology, these emerging challenges call for shared concern and shared responsibility. In fine, these challenges require the pursuit of better governance beyond boundaries.

Once viewed primarily as a matter of intergovernmental relationship, the concept of global governance has now acquired a broader perspective and dimension. This entails not only the relationship between governments or, for that matter, governmental institutions, but also the interface and cooperation between the different nongovernmental entities. There are several areas where international governance could play a crucial role in terms of coping with the increasing global economic inter-dependence in a manner capable of bringing about substantive reduction in poverty levels.

Balancing international trade

Though the World Trade Organization (WTO) was established to govern world trade through a rule-based trading system where all countries, including the LDCs, would be integrated into the world economy-my from a position of strength – the share of LDCs in global export has come down to around 0.4 percent at end of the 1990s from about 0.7 percent at the start of the decade. Therefore, to ensure sustainable governance on global trade that would truly contribute to poverty reduction, a thorough review of the developmental experience in this era of globalisation must be carried out urgently before the LDCs become devastatingly marginalized. The concept of Special and Differential Treatment for LDCs has hardly made any progress in terms of implementation. Global governance of trade should be geared towards a meaningful implementation of the S&DT provision to address challenges facing the LDCs both on the supply side and the demand side.

Capacity building

Developing countries failed to respond to external shocks in the past both because of wrong economic policies and lack of adequate external support. Weak global economic governance only exacerbated the economic shocks, hindered the development prospects and worsened the poverty situation. Often, in the name of international cooperation, difficult and extremely painful structural adjustment programmes were imposed on those countries. In many instances this led to deepening of poverty for some, if not all, LDCs. The failure of Bangladesh in reducing poverty

despite the donor-driven policy reforms justifies the point that there must be an institutional mechanism and concerted work programme at both domestic and international levels to enhance policymaking and implementation capacity of the economically vulnerable countries and regions. Nevertheless, policy reform initiatives must come from within the concerned country or region and global governance mechanism can just play the supporting role in this regard. Global governance should, therefore, be directed towards the establishment of indigenous ownership over the reform agendas so as to ensure that the concerned country or region is in a capacity to reject prescriptions that do not address real needs of the people. A poverty audit of all reform agendas is an essential prerequisite for reforms to succeed. Only a home-grown and demand driven reform agenda is capable of adequately addressing the poverty issue.

Supporting the regional initiatives

Regional trade liberalization in favour of weak and small partners is expected to facilitate trade within the bloc without causing any sort of negative consequences to the regional leaders. Most of the least developed countries have, however, yet to come up with any concrete framework for the establishment of a regional free trade zone. In South Asia, for example, persistent non-tariff barriers are the stumbling blocks to economic integration in the region. Therefore, in their attempts to influence regional economic relations that would dovetail with enhanced global trade, global economic leaders and institutions should exert pressure on the developed countries within regions for removal of all trade distorting practices affecting the poorer neighbours. In line with the EU-EBA initiative, all other developed economic blocs should offer quota free and zero tariff market access to the poverty stricken regions of the world, with special attention to the extremely poor regional partners.

Setting of global agenda

A striking fact is that though the global economy has expanded five-fold over the last four decades it has not rooted out dire poverty nor reduced its prevalence. Even countries with relative success have not managed to eliminate poverty completely and as a consequence, a sophisticated, globalised, increasingly affluent world currently co-exists with a marginalized under-class. This very inhuman trend of poverty calls for a concerted attack upon poverty from all possible fronts: local, regional and global. This is to say that global poverty reduction requires appropriate interventions from the global governance apparatus side by side with the national and regional initiatives. A global agenda for poverty reduction, underpinned by appropriate strategies and supported by adequate financial backup, has become a must. In this regard the establishment of coherence between the currently functioning country-specific Poverty Reduction Strategy Papers (PRSP) and the global poverty reduction strategies would be an important step in the framework of global governance.

Creating governance structures

There are two types of disparities: absolute and relative. Absolute poverty reflects the trend of growing number of people below the poverty line; relative poverty shows the growing gap between the rich and the poor. Both types of disparities show rising trends. Thus, we find deprivations at two levels – at the level of countries: some countries are much poorer than other; and at the level of people: the majority of people in these poorer countries live in conditions which are precarious compared to their rich fellow countrymen. Inequality is increasing in both rich and poor countries. This needs to be addressed through concerted global initiatives.

Relevant evidence demonstrates how severely human security is jeopardized even after five decades of Bretton Woods, Dumbarton Oaks and San Francisco. According to UNDP statistics, as many as 1.3 billion people in the developing world live below the poverty line, and over a billion have no access even to basic services like primary healthcare, basic education and safe water. In 19 countries per capita income is lower than it was as far back as 1960. It is believed that the unchecked and ungoverned inter-dependence between countries and people, a result of the liberal economic policies of countries, often largely contributed to the vulnerability of the weak, through uneven distribution of gains and unsustainable pressures on natural resources and environment. Recognizing this vulnerability of the poorer parts of the world, a recent UNDP publication admitted that the challenge is not to stop the expansion of markets, but to find the rules and institutions for stronger governance to maintain the advantages offered by global markets and competition and also make certain that globalization works for poor and not just for

profit. In order to bridge the gap between the global haves and have-nots resulting from growing global disparity, fresh international initiatives need to be taken for proper mobilization of global resources.

Reforming global economic governance

Currently there are a number of organizations including the Bretton Woods institutions, the G-7, the OECD and ultimately the WTO which play a critical role in terms of developmental governance in the world. The credibility of these institutions in terms of playing the leadership role for the management of global economic affairs has been questioned by a majority of the concerned stakeholders, partly because of the malfunctioning of these institutions and largely because of their failure in providing adequate guidelines for sustainable economic interaction among the states and corporates. On the other hand, the MNCs and TNCs are becoming less accountable, driven by their own agendas and profit motives. Here lies the need to evolve responsible global governance that motivates these corporates to assume responsibility towards the eradication of global poverty. With a view to continuously assessing the state of the global economy and the interaction between the key policy areas, necessary reforms must be carried out within the existing institutions. As part of such institutional reforms and their democratisation, adequate representation from developing countries must be seen as a crucial necessary factor, though not sufficient, for global poverty alleviation, economic emancipation of people and sustained development of countries. The feasibility of establishing an Economic Security Council, which has been mooted by some, as an apex global economic body within the UN system to deal with key matters relating to international economic relations, ought to be seriously examined in this context.