

### *The Challenges of World Governance*

*Prof. Carlos BERZOSA ALONSO-MARTÍNEZ, Ph. D.*

In an inspired speech, Prof. Berzosa went from general to specific, starting from the existence of governance on a global scale and finishing with a reflection on the contribution that universities can do to the present world.

Based on what he considers an up-to-date and appropriate definition of governance by the Spanish Dictionary, “art or manner of governing, whose objective is the achievement of lasting economic, social and institutional development, promoting a healthy balance between State, civil society and economy market”, the Professor considered that, according to this definition, it cannot be stated that there is governance on a world scale, since this would imply a healthy balance between State, society and economy market, and there is not such a thing as a global “State”.

The speaker contrasted this linguistic definition with the more frequently used in political and economical terms by James Rosenau of Princeton University, which refers to the regulation of interdependent nations in the absence of a global political authority, considering it more suitable to what is meant by ‘governance’ on a global scale. This last concept, he stated, refers to the idea that there are relationships between states, international organizations –the United Nations, the International Monetary Bank- World Bank, and the World Trade Organization mainly, which exert some power of global regulation. The articulation of both concepts allowed Mr Berzosa to state, citing the Nobel Prize in Economics Joseph Stiglitz, that there is currently a faulty system of global governance and that this is the reason for the many problems that still remain in world economy after many years. Indeed, combining the concept of “healthy balance” between market, state and civil society stated in the Spanish Dictionary with the notion of governance that refers to the already mentioned international organizations, the speaker considered that the inefficient way in which these organizations operate, dominated by the market and favouring mainly their own growth, hinders that “healthy balance”.

Based on the theoretical contributions by K. Polanyi (*The Great Transformation*, 1945) and T.H. Marshall (*Citizenship and social class and other essays*, 1950), and on the practical experience of the development of the Keynesian policies of the “30 glorious years”, Berzosa stressed the relative historical novelty of the market prevalence on the political and social sphere, which according to Polanyi prevails only since the industrial revolution (although one way or the other the market had always been present along history). He also emphasized the prompt obvious evidence that, although this social organization proved efficient for the assignment of resources, it didn’t guarantee socially desirable models; hence the need for the State intervention on the economy and the development of more social forms of capitalism. At this point the speaker stressed Marshall’s idea on the improvement in income distribution as social rights are introduced in the 20<sup>th</sup> century (after civil and political rights which had had their origin in the 18<sup>th</sup> and 19<sup>th</sup> centuries, respectively). The development of these rights in an attempt to cover social needs, he claimed, made it necessary to develop public intervention policies from the State,

from regional governments or from local councils. Very often, he emphasized, they appeared as the response to the demands of society, as a sanction by public authorities. The speaker went on arguing that, however, nowadays and since the 80s, with the development of neo-liberal thought and policies, what is being experienced on a global scale is the prevalence of the market over the possibility to be governed. Consequently (without rejecting the evidence of certain improvements in some countries such as China or South Korea), this leads to many of the evils that exist globally in terms of social inequality, prevalence of poverty and wars. Berzosa invited the audience to think about “the global scandal which is that in 2007, in the 21<sup>st</sup> century, with the capacity of income and wealth generation that has been achieved, with the research ability, and the technological progress and innovation, there are so many people dying of hunger, surviving malnourished, with a short life expectancy, illiterate, without access to health, without access to education”. He questioned the role of international organizations with regard to these facts. He then stated that not only do they fail to solve these problems, but he also claimed –and here was the main focus of his intervention– that current problems are getting worse and generated by the policies required by the International Monetary Fund and the World Bank. “It’s not only that governance is faulty and does not avoid evil –the big evils we endure in world economy, which I just mentioned, as well as ecological criteria, climate change, gender...–, it is also that these organizations are contributing precisely to reproduce a situation which generates those evils”. Then, it’s not that the International Monetary Fund and the World Bank don’t have the ability to act because they are not States; they can have plenty of influence, even more in vulnerable countries, in the less powerful, in the less rich, in short, in those which are more dependent on economic policies carried out by the International Monetary Fund and the World Bank. But both are great promoters of globalisation, of the market, with no compensatory mechanisms that try to respond to those social needs already mentioned by Polanyi and Marshall, which are important and key to our daily work.

“This, I think, is the big problem of the present situation. We have no global government, we have organizations that are not governments but have the power of influence, and these organizations are drifting the economy precisely towards a target which, in my opinion, is against human rights, against citizens’ fundamental rights, and the laws of the market are prevailing over citizens’ rights”.

According to the President of the World Economy Society, this is the main problem: to be trapped by the market domains, a process which has not been natural but forced by countries such as the USA, supported by the IMF and the World Bank. “So the problems we face nowadays, which we are unable to face with a minimum of efficiency, are the result of some actions which are governed by this market law, and not so much by public organizations unable to carry out the governance that the world needs more than ever if we don’t want to head for the disaster entailed by so much poverty, so much hunger and so much destruction of the Earth”.

Regarding the role played by the Nation-State in this context, Berzosa pointed out that globalisation is limiting its manoeuvre ability considerably. As an example of this, he mentioned the power that central banks –organizations outside the democratic control of parliaments- have in the development of economic policy guidelines, with great impacts on

people's lives. Governments, he stated, "are prisoners" of globalisation, their policies are conditioned by the penalties they may receive from the market. Nevertheless, he cited Jeffrey Sachs, director of The Earth Institute at Columbia University, and said that there is still leeway, as show the different models of capitalism especially in the Nordic countries, with more balance between market and state, resulting in more advanced social models not only at economical level, but also regarding the development of rights and equal opportunities. Hence the need to keep a critical and demanding attitude that involves all citizens in order to have society express its opinion on these serious problems and not simply accept the prevailing viewpoint which is the lack of alternatives.

The speaker also mentioned that not only is it necessary to improve governance on a global scale, but also "healthy balance" is necessary for governance to take place within Nation-States. "Good governance is not the same as bad governance", hence the responsibility that developing countries have. At this point, however, he clarified that it is not easy to distinguish to what extent internal structures are conditioned by external structures. Good governances, he said, give rise to better social results.

In relation to this point, and citing again Sitglizt's *Freedom to Choose?*, Berzosa pointed out another of the key ideas in his speech, i.e., the importance of freedom for the development of good governance, the right to know and the public discourse, the role of transparency in public life, since the lack of it creates growing distrust of politicians by those governed, which results in an ever increasing gap between public life and citizen non-participation in decision making.

To end up his speech, the Chancellor of the Complutense University reflected on the role of the University in this context, not just on its own governance –he joked on the ungovernability of this institution-, but on its ability to contribute to the development of global governance. He stressed the importance of linking research to action, the needs to question the social relevance of research, focusing on big issues, and trying to involve the business world and the civil society in the University's own development. He emphasized the important role that social sciences must play here: "we of the Social Sciences have a lot to say, because we make progress in research, innovation, etc. in a world with appalling hardship, and we shouldn't think just in terms of economic growth, just in terms of research and innovation, but in a fairer, more equal, more sustainable growth where equal opportunity will be a reality [...]. So let's think about researching, but let's also think about the benefit for society and for everybody. I particularly like researching, but we shouldn't only research in our offices, not only to gain academic prestige, to be acknowledged by our colleagues, but also to get engaged with society. There are enough serious problems for researchers/scientists –who have important information and knowledge– to have their say in the current world, so that, as the famous statue at Valladolid University allegorizes, wisdom overwhelms ignorance.