Anticipating the Future: A Political Agenda for Global Economic Governance:

Colin I. Bradford, Jr.*

Visiting Fellow, The Brookings Institution

In the next fifty years, world population will increase by fifty percent from the 6 billion people currently to 9 billion, leveling off after 2050. All the population increase will come from poor countries outside the OECD world of Europe, North America and Japan, Australia and New Zealand. This population increase will put pressure on resources, the environment, public health and education systems, the world economy and national governments. This demographic transition with all its implications is the great challenge for the next generation.

I. Major Challenges

Within this longer term perspective, there are more immediate reasons why strengthening global economic governance now is necessary. Four major challenges face world leaders and publics everywhere that a stronger global governance system would help address. They are (i) chronic global economic instability since 1973, (ii) the new challenges generated by globalization as a distinct form of international interaction, (iii) the increasing disparity in incomes in the new global economy, as the rich seem to get richer and the poor relatively poorer, and (iv) the disproportionately small voice of the large nations of the future in current global governance as contrasted with the disproportionately large voice of the nations of the 1 billion people in the OECD world.

A. Chronic Economic Instability In the thirty years since the world went off the system of fixed exchange rates, trends in the world economy have been characterized by a sequence of economic shocks: the oil shock dominated the decade of the 1970s, the interest rate shock of the early 1980s drove the debt crisis of that decade, and the capital flows shock that triggered the Asian financial crisis in 1997-1998 created turmoil and aftershocks in world financial markets in its aftermath. These shocks each originated in macroeconomic policy imbalances in large economies which spilled over into the international economy. US fiscal deficits in the late 1960s pushed up OECD inflation rates, eroding the real price of oil, which induced a dramatic price adjustment on the part of OPEC in the 1970s. The oil price rise created trade surpluses in OPEC countries which were recycled to oil importing developing countries.

Contractionary monetary policy along with loose fiscal policy in the United States in the early 1980s drove interest rates and the dollar to unprecedented highs which triggered a debt crisis principally in Latin America which lasted most of the decade. US fiscal, trade and capital account deficits were offset by Japanese savings, trade and capital account surpluses. Again, as with the oil crisis, the world economy achieved equilibrium by offsetting forces but the primary need for the offsets was the impact of financial shock on the world economy.

In the 1990s, the Asian financial crisis originated from OECD current account surpluses in Japan, the EU and other advanced economies significantly in excess of the US current account deficit which provided a net OECD capital account surplus to non-OECD countries. This financial surplus flowed disproportionately to only a few South East Asian economies, fueling huge increases in already high investment-GDP shares, creating a financial bubble. When the bubble burst, so did their fixed exchange rate regimes and an immensely costly financial crisis rippled through East Asia with further repercussions in the rest of the world economy.

It is not only that the three decades since the end of the Bretton Woods fixed exchange rate system have each been characterized by economic shocks, but further a case can be made that the shocks have moved in sequence. The erosion in the real price of oil in the 1960s led to an overcompensating spike in oil prices in the 1970s. Stagflation in OECD countries meant that virtually none of the $450 billion OPEC surpluses between 1973 and 1982 were absorbed by OECD countries, forcing the recycling of petrodollars on to nonoil developing economies. While these economies used the petrodollars to finance investment growth rather than consumption or government spending, too much debt was concentrated in too few countries. This put the debtor countries in a vulnerable position when US fiscal deficits jumped from zero to 6 percent of GDP between the end of 1979 and mid-1982. The combination of subsequent high interest rates, a strong dollar and the US drawing down the global pool of savings to finance its own fiscal deficits provided a triple whammy to debtor countries, inducing the debt crisis of the 1980s. It does not seem farfetched to see the imbalances of the 1970s having set up the conditions for vulnerability and crisis in the 1980s.

The massive shift from OPEC surpluses and developing country deficits in the 1970s to US deficits and Japanese surpluses in the 1980s wrenched the world economy around onto a different axis. Gradually, US fiscal deficits were reduced so that by the mid-1990s they were no longer the driver of US growth or global imbalances. The burgeoning US trade deficit was instead a reflection of investment growth in excess of US domestic savings financed by a capital inflow into US asset markets which also financed the trade deficit. The new fiscal discipline in the US reduced its draw on global savings. Slower growth in other OECD countries generated a net contribution to global savings, which in the 1990s was channeled to a select few countries in South East Asia, primarily, and to some countries in Latin America. Too much capital went to too few countries, again, and financial bubbles occurred as a result.

These tales seem to tell a larger story of a sequence of imbalances and compensatory policy reactions that generate a new set of imbalances which themselves are not stable and induce reactions setting up the next set of imbalances. The key is that global economic shocks originate with national policy actions: domestic imbalances necessarily generate (by accounting identities) external imbalances which have to be offset by other countries creating domestic imbalances in the opposite direction. Since the origin of the policy action is domestic macroeconomic policy, there is by definition no global governance locus for rebalancing national policies in a coordinated fashion to avoid the next shock and subsequent crisis. Neither the G-7 summits nor the IMF nor the ministerial level committees of the IMF and the World Bank have been able to generate consensus on coordinated policies to dampen the swings in global economic imbalances and to prevent major financial shocks over the last thirty years. With fiscal and trade deficits driving the US economy once again, the issue of a locus for enhanced global economic coordination is very much alive.

B. Globalization as Distinct from Internationalization The underlying fundamentals of the world economy have changed as it has become a global economy. Globalization has different meaning and content from internationalization. As the world economy has become more internationalized, trade and financial flows increased between relatively autonomous national economies which interacted at arm's length. Today, globalization has fundamentally transformed the nature of this interaction into one of the interpenetration of domestic economies into each other's internal domains. This in part has been pushed to a new level due to the transformation of the firm from a factory into a global network of entities which interact across and through borders. As a consequence, intra-industry and intra-firm trade have increased as a proportion of total trade, and trade in final goods has declined. This is but one dimension of a shift in the underlying fundamentals. The integration of world financial markets has created essentially a single global capital market. Migration has transformed labor markets. Transportation and communication linkages have made geographic space porous, changing the meaning of borders and boundaries defining nations.

Not only have the channels for transmission of economic forces been transformed but the relationship between different types of interactions has been changed. Trade, finance, economic growth, poverty reduction, environmental sustainability, social dimensions, and governance are now seen to be inextricably linked to each other in defining and determining outcomes. This interpenetration of domains and disciplines is another facet of the interpenetration of domestic economies and societies and one of the driving forces behind it.

These two transformations in the nature of international economic interactions put new demands on the mechanisms, institutions, and policies of global economic governance.

C. Global Economic Apartheid Even if the world were not moving from 6 to 9 billion people with the additional 3 billion people coming from poor countries, the current configuration of global incomes already creates a world in which the global majority is poor. In 2000, 2.5 billion people lived in low income countries, whose per capita incomes averaged roughly $400 per person. Despite recent gains in reducing the number and the proportion of people living in extreme poverty, over 1 billion people live on less than $1 per day.

There is increasing concern about rising rates of growth of incomes among the rich while a more than half the world's population live in conditions that are objectively miserable even without reference to the rich. The legitimacy of an economic system that fails to impact beneficially on the world's poor and generates increasing income and wealth disparities is called into question. This seriously undermines the credibility of the international institutions that are seen to preside over this inequitable system and hence limits their capacity and ability to address world economic issues. As a result, the issue of global poverty is now as much of a high policy issue for the global economic institutions as is the issue of global financial stability, which in earlier eras has taken precedence.

D. The Voice of The Global Majority As we look to the future configuration of global population, it is anticipated that by 2050 India, China and Africa alone will constitute the global majority with a total of 5 billion people. Brazil, Mexico, Indonesia and Pakistan will easily add another 1 billion people. By contrast, the United States, Europe and Japan together will only constitute about 1 billion people in 2050, about the same as today. So by population projections alone, it seems clear that the large poor countries from the non-OECD world merit a place at the table in global economic governance.

In a world in which the United States appears so dominant, it is difficult to grasp the degree to which the global economy is already a multipolar world economy. China is the fourth largest economy in the world, after the U.S., Japan and the EU. Brazil (#6 behind Canada #5), Mexico (#8 behind Spain #7), India (#9) and South Korea (#10) are already major forces constituting a multipolar global economy, beyond the three major OECD economies.

But the reasoning goes deeper than mere population and economic projections. In the case of China and India, their civilizations go back millennia not centuries as in the case of North America. Their place in global governance would seem to be buttressed by the need to include different cultural perspectives in global governance. Oxford art historian, Michael Sullivan, writes in the opening sentence of his new edition (1997) of <u>The Meeting of Eastern and Western Art</u>, "more and more thinking people today are coming to believe that the interaction between the cultures of Asia and the West is one of the most significant events in world history since the Renaissance". Clearly, a major challenge for the next generations in the West and in Asia is to come to better understand each others' strengths and the contributions that each can make to the new global order. Nearly half the world's population currently lives in Asia.

But this opening to the East by the West is simply emblematic of the broader opening required. The world is becoming increasingly multicultural as it is becoming more multipolar. Whereas there is some belief in the West that modernization is Westernization (see Huntington chapter 3 for a good discussion of this), there is considerably more evidence to suggest that other cultures are defining their own versions of modernism. These do not necessarily take the form of a variant of Western modernism but are authentic "own" versions of modernism which spring from unique, distinct and specific cultural circumstances. "Today, artists born in India, Korea, Japan, China, Turkey and diverse Latin American nations are consciously creating styles that simultaneiously honor particular cultural identities and make gestures of mutual incorporation with the Western tradition." (McEvilley, p. 19) Hence, as the global economy is becoming more multipolar and global society more multiculture, new versions of modernism bring forward a movement toward multimodernism, beyond the previous identity of modernism with the West. "Multimodernism offers a quite different approach to modernism, one that makes clear that not all varieties of modernism develop under the paradigm of the West." (Supangkat, p. 78) This is clearly evident in artistic movements in Africa, Asia and Latin America. Their self-consciousness about distinctive versions of modernism in art is very much linked to ideas of modernization, development and their role in the global discourse and in the international community. "The development of a modern idiom in African art is closely linked to modern Africa's search for identity." (Hassan, 224) This cultural basis for pluralistic ideas about the global future and modern or post-modern notions of progress provide another compelling reason for bringing non-Western presence and participation into global governance. "Modernism is a plural phenomena and that pluralism does not deny the universal aspects". (Supangkat, p. 77)

II. A Political Agenda for Strengthening Global Economic Governance

From this set of challenges, it might be concluded that a wholesale reform and restructuring of the mechanisms of global governance might be called for. Thirty years of chronic financial instability would seem to reflect an inability of existing institutions to provide the policies, safeguards and cushions against global economic shocks and domestic macroeconomic policy imbalances. The forces of globalization would seem to manifest a shift in the underlying fundamentals that make global economic management quite different from managing interdependence in a world economy composed of relatively autonomous national economies. The inter-relationship between forces and factors previously thought of separately would seem to suggest the need for a wholesale change in the international institutions dealing with the new global economy to bring together the different domains in a peak decision body integrating the constituent elements into a more holistic approach for system guidance. The continuing scourge of massive global poverty and the slow growth of many poor countries despite the new forces of globalization suggest the need for new and more intensive approaches. The need to incorporate the voices of the global majority into the international system might be construed to argue for a major revamping of the governance structures of existing institutions.

Advocating sweeping reforms, new mechanisms, and revamped institutions has the virtue of providing an exciting new agenda to fit the new global age. But, it is not necessarily the case that the radical restructuring is necessary. Indeed, there are steps that can be taken within the existing system to significantly improve global economic governance without the disruption of restructuring. Despite the importance of the challenges, the international system is maturing and evolving as the nature of the problems changes. It is appropriate that the international institutions and governance mechanisms evolve and change as the circumstances require rather than experience severe discontinuities and the addition of new layers and coordinating bodies.

More importantly, the cardinal principle for global governance is that the locus for authority and accountability are national governments not the international institutions themselves. These international economic and financial institutions are membership institutions. National governments are the fundamental units for sovereignty, taxation and public accountability. National governments are responsible for the international institutions. Recommendations for strengthening the system of global economic governance must build on national governments as the foundations of the international community. The politics of global governance needs to be based on coalitions and configurations of national governments.

Based on the cardinal principle of national governments as the foundation of the global governance, there are a number of ways in which the existing mechanisms and institutions could be strengthened, building on the assets already in place.

A. The New Agenda of Issues at the Interface

First, there is a need to focus political and policy attention on the inter-face issues between finance, trade, development and poverty reduction. This translates into a need to focus on the inter-relationship between the principal international institutions responsible for these "domains" and the complementarities, synergies and interactions between them. This thrust is driven by the underlying nature of globalization. This recommendation contrasts with recent calls to establish a clear division of labor between the institutions and return each of them to their "original mandates", repealing perceived mission creep and overstretch.

The way to implement this agenda is to distinguish between primary and secondary mandates for the international institutions. The primary mandates are still clear: the IMF is primarily focused on finance; the World Bank on development and poverty reduction; and the WTO on trade. These primary mandates provide clear leadership on each major international issue to a single international institution. The responsibility for providing strategic direction for the international system as a whole rests with national government leaders. The suggestion here is that through the existing global economic governance mechanisms currently in place, these national leaders need to give priority focus to systemic issues and the inter-relationships and relative roles of the international institutions.

The mechanisms through which this guidance can be forged and expressed are the International Monetary and Finance Committee (IMFC), which advises the IMF, the Development Committee (DC), which advises the World Bank, and the Group of 20, which prepares positions of major countries for both the IMFC and Development Committee fall and spring meetings. The advantage of working through this sequence of Group of 20-IMFC-DC is that the G-20 is broadly representative of the multipolar global economy and the IMFC and DC are embedded into the governance structure of the IMF and the World Bank with strong links to the WTO and most other relevant international organizations.

The G-20 consists of eleven non-OECD countries: Argentina, Brazil, China, India, Indonesia, Korea, Mexico, Russia, Saudi Arabia, South Africa and Turkey; and eight OECD countries: Australia, Canada, France, Germany, Italy, Japan, the United Kingdom and the United States (and the EU President when it is not the head of state of one of the four EU members of the G-20). This representation from the developing world captures the major non-OECD economies as well as important multicivilizational dimensions with three Islamic countries, four Asian countries, three Latin American nations and one African country. Also of importance is that beyond the focus of the G-20 on issues of international financial stability, the G-20 is also meant "to address issues that go beyond the responsibilities of any one organization" (see box on Roles of IFIs) which gives it purview over other international organizations which are observers in the Development Committee. --- --- --- --- ---

Box #1: Roles of the IFIs and their Governance Mechanisms

Like the Interim Committee before it, the IMFC has the responsibility of advising, and reporting to, the Board of Governors on matters relating to the Board of Governors' functions in supervising the management and adaptation of *the international monetary and financial system*, including the operation of the adjustment process, and in this connection reviewing developments in global liquidity and the transfer of resources to developing countries; considering proposals by the Executive Board to amend the Articles of Agreement; and dealing with *disturbances that might threaten the system*.

The Development Committee's role is: to advise the Boards of Governors of the IMF and World Bank on critical *development issues* and on the financial resources required to promote economic development in developing countries. Over the years, the Committee has interpreted its mandate to *include trade and global environmental issues* in addition to traditional development matters.

The G-20 was formed as a new forum for cooperation and consultation on matter pertaining to the international financial system. It studies, reviews, and promotes discussion among key industrial and emerging market countries of policy issues pertaining to the promotion of international financial stability, and *seeks to address issues that go beyond the responsibilities of any one organization*.

The objectives of the FSF (Financial Stability Forum) include improvements in the functioning of financial markets, and the *reduction of systemic risk* through enhanced information exchange and international cooperation among the authorities responsible for maintaining *financial stability*. Source: www.imf.org Emphasis added.

--- --- --- --- ---

The primary need is to use this group of twenty finance ministers in a more proactive and forceful way to provide leadership and guidance to the principal component elements of the international system, the IMF, the World Bank and the WTO in the first instance, and other significant international organizations as needed, the United Nations, WHO, UNESCO, UNEP, the Global Environment Fund, UN Fund for HIV/AIDS, OECD, and others. The advantage of this process is that national governments would be working out among each other the major lines of responsibility within the international system rather than leaving it to the senior managers of the institutions themselves, where the responsibility and accountability does not lie. No single head of institution has the authority to straighten out issues of relative roles and responsibilities, not even the Secretary General of the United Nations. These issues should not be left to the market of competitive pressures among the institutions as they struggle to fulfill their responsibilities and establish their roles and functions. Nor should these systemic issues be presumed to be the exclusive purview of the G-7 (Canada, France, Germany, Italy, Japan, UK, and US), as has been past practice. This is simply not a representative enough group to constitute a meaningful global consensus.

Two other suggestions accompany this recommendation. One is that it would seem appropriate on matters of high policy and major global import that the G-20 meet at the head of state level, something that has never happened. This would provide the visibility and political valence to the global leadership role these twenty countries should have in the new global economy and the world of the future. G-20 meetings at the head of state level would convey to the world the necessary pluralism and representativeness in global governance which are missing from the G-7 because of its North Atlantic, wealthy country bias. It would contribute to restoring legitimacy to the major international institutions because national governments would be correctly seen as the responsible agents for them.

Additionally, a more explicit effort should be made to improve the communications, visibility, and public relations of the G-20, the IMFC and the DC so that there is more awareness around the world of the crucial role that they have. One way to do this is to open some of the meetings or some portion of selected meetings to the press and to television. More background stories are needed. More highlighting of the individual participants and their concerns and priorities would add human interest to the meetings. Conflicting perspectives should be aired rather than muffled to reveal the zest and reality of global governance rather than create the impression of smooth talk reflected in development-speak communiqués.

B. The Role of Parliaments

Second, a major missing element in global economic governance is the role of parliaments. Within most national governments, the sole authority for levying taxes belongs to parliaments. Parliamentarians are more directly accountable to the public than executive administration officials, such as ministers, who are frequently appointed by heads of state. But parliaments around the world have been relatively less engaged in "foreign affairs" issues than in domestic issues. In a globalized world in which the distinction between foreign and domestic issues has collapsed, parliaments need to forge a new role for themselves in internal and international governance. This is probably true for all countries, but it might be especially true for parliaments in developing countries.

The entry point for parliaments in developing countries, particularly, might be through strengthening their role in national budgetary processes and priority setting within their nations. The Poverty Reduction Strategy (PRS) process in low income countries and the global effort to achieve the Millennium Development Goals (MDGs) in all developing countries by 2015 provide means by which parliaments can enhance their role in internal budgetary and policy processes while at the same time focusing on the mediation between national priorities and the global agendas. This effort would logically extend parliaments into an oversight role regarding the role of the international institutions in global governance and their own national governments' positions within the international system. Including parliamentarians in government delegations to the fall and spring annual meetings of the IMFC and the Development Committee would provide one way to engage parliaments directly in global economic governance. As this develops, side meetings of G-20 parliamentarians, for example, might be a useful way to increase communication, understanding, participation, visibility and legitimacy of global governance.

World Bank President, James D. Wolfensohn, said at a meeting of 120 parliamentarians from 50 countries (none from the United States) in Bern, Switzerland in May 2002: "you are parliamentarians for a single planet". This statement conveys a new reality. Globalization has transformed ways of doing business and the nature of business itself. Parliamentarians with a global awareness have a new role in linking the local and the national to the global. They have a new responsibility to interpret and mediate multiple layers of reality to their publics. They are potentially vital political links that can make sense of the new forces shaping the world to society. A variety of different forums and venues have to be used to bring their voices and their awareness into global governance.

C. Emerging Markets and Global Stability

The evolving global economy since 1973 has brought with it the rise of "emerging market" economies (EMEs) . Large middle income developing countries have achieved above average economic growth rates and simultaneously have integrated themselves into the world economy through both trade and finance in ways which have transformed them and the global economy itself. The IMF and the World Bank have been handmaidens of these transformations. "Between 1993-1999, 11 countries (China 12%, Argentina 10%, Russia 9%, Mexico 7%, Indonesia 7%, Korea 6%, India 4%, Thailand 3%, Philippines 2%) received 70% of IBRD commitments." (Commission 2001A, pp. 20-21) The consequence of these developments was that the IFIs became important to the EMEs and the EMEs became important to the IFIs. The multipolar world economy was brought into being as a result of these trends.

It could be argued that the role of the IFIs vis a vis the EMEs was not only financial but that the IFIs, particularly the World Bank and the IMF, became focal points for two way dialogue with EME governments regarding policy reform and global governance. The twice yearly meetings of Finance Ministers from emerging market economies became a way of bringing their leadership into the global conversations on economic governance. These opportunities for policy dialogue have been particularly important in the 1990s in the cases of the Mexico tequila crisis in 1994, the Asian financial crisis from 1997-1999, the Russia crisis in 1998 and the Brazil crisis in 1999. For all these reasons, the EMEs have become vital actors in the evolution of the global economy and in working to maintain global financial stability. The pattern of shocks and imbalances characteristic of the global economy and the important role of the EMEs in it make it necessary to increase their role in global economic governance commensurately.

Furthermore, as the financial relationship deepened between the EMEs and the IFIs the EMEs began to have a direct stake in the policies of the international institutions and the use of their resources. The net transfer of interest payments to the IFIs became an increasingly important source of income for the international institutions. Taking the multilateral development banks (MDB) together (the World Bank and the regional development banks), it is estimated that in the year 2000 thirty percent of total MDB income came from net interest spreads on loans to large borrowers from the MDBs. As the Commission on the Role of the MDBs in Emerging Markets (2001A) pointed out, this substantial role in the income of the MDBs provides a legitimate specific reason for opening the way for a larger role of EMEs in the governance of the IFIs. (Commission 2001A, pp. 8-9 and Box 4) They understandably feel they should have a say over how resources based on their interest payments should be allocated.

D. Global Poverty Reduction as High Policy

The UN Summit on Financing for Development (UNFFD) in Monterrey, Mexico, in March of 2002 represented the culmination of a twelve year process of consensus formation on specific targets for the year 2015. (Bradford 2000a) These targets on poverty reduction, gender equality, health, education and the environment are embodied in the Millennium Development Goals (MDGs). (For the MDGs, see Box #2 after the bibliography.) The MDGs had been agreed to in previous summits by both OECD and non-OECD governments. This gives them consistency with the cardinal principle of rooting international governance in decision by national authorities. The MDGs are not UN goals but goals agreed to by national governments in a sequence of head of state summits. The importance of the UNFFD conference was that “the Monterrey consensus” embodied not only a continuing commitment to the MDGs, agreed to at the UN General Assembly Millennium Summit in September of 2000, but also broadened the consensus to include partnership goals for OECD countries. The twelve year process of consensus formation provides political momentum for mobilizing resources and polices toward achieving the MDGs by 2015. (Bradford 2002b) This generates the highest profile and priority for global poverty reduction in fifty years of development cooperation.

Even though the focus is on poor countries, the majority of poor people live in middle income countries. OECD countries also have a proportion of poor people living in poverty and a direct stake in and responsibility for global health, education and environmental conditions. The role of G-20 developed and developing country governments in overseeing and acting in behalf of the MDGs is vital to their achievement. The Development Committee has already been playing this oversight role and has accelerated action by initiating fast-tracking of Education-for-All. (MDG #2)

As the international community enters the implementation phase of the Monterrey consensus, engaging publics and parliaments, civil society and the private sector, politicians and policy-makers in all countries will be crucial to mobilizing the global effort necessary to achieve the MDGs by 2015. This requires an intensification of political effort at the highest levels. The G-20 needs to play a continuing role in maintaining the political priority and momentum toward the 2015 Goals. The MDGs have already become a focal point for unifying, coordinating and operationalizing effort by the World Bank, the IMF, the UN and the OECD as well as other national and international agencies. National governments now need to play their part by focusing on specific actions which will generate the necessary policies and resources. UN Secretary General Kofi Annan's, appointment of Eveline Herfkins, former development cooperation minister of the Netherlands, to head the Millennium Campaign provides a powerful spearhead for this effort. Mobilizing support in the form of resources and policies is critical not only to achieving the 2015 goals but also to restoring credibility and legitimacy to the international institutions as the visible symbols of the global economy which is perceived by many as identified with increasing global inequality.

"For to all those who have, more will be given, and they will have an abundance; but from those who have nothing even what they have will be taken away." (Matthew 5:29) A Washington DC sermon in November 2002, which could have been given anywhere, reflected that "this should not be read as an endorsement of the current economic orthodoxy in which the rich get richer and the poor get poorer." It is this perception that needs to be overcome by demonstrating that the global economy can generate global justice as well as global wealth.

E. Pluralism in Policy Prescriptions

Finally, perhaps no other issue has mired the big three institutions -- the IMF, the World Bank and the WTO -- in the globalization backlash debate than the perception of a one-size-fits-all for financial stability, development and market liberalization in the developing world and the emerging market economies. This perception is to some extent exaggerated. The PRS process reverses the role of governments and the international institutions in the process of defining external assistance by giving governments the initiative and primary role in determining priorities and policies to be reviewed by the IFIs rather than the other way around as in the past. However, there is also some truth to the perception given the need, among other things, to have relatively uniform standards in the treatment of nations by international organizations.

Recent development experience has led to a strong conclusion that country "ownership" of development strategies is crucial to accelerating economic advance. This suggests an increasing need for countries to generate their own path toward policy reform and development which fits their historical circumstances, values, priorities, institutions and culture. Given this background and the surge of artistic expression in non-Western countries toward their own version of modernism, giving greater prominence and power to G-20 countries in global governance is a way of introducing cultural pluralism into the economic policy consensus process. In a world transiting from 6 to 9 billion people, a variety of institutional arrangements and development strategies, modalities of governance and economic policies will need to be devised to facilitate this transition. It is vital that modernization not be construed as Westernization in the non-Western world where most of the population increase is destined to occur. The challenge for the West is to accommodate a pluralistic vision of modernism, not only in the arts, but in economic policy making and governance. The notion of a "Washington Consensus" on economic policy is obsolete in a multipolar, multicultural and multimodernist global age. (Commission 2001B) Strengthening the role and presence of large non-OECD governments in global economic governance is one way to assure that pluralism becomes more prevalent in the policies of the major international institutions and that global multilateralism replaces North Atlantic internationalism.

III. Summary and Conclusion:

There are several major structural forces moving toward reforming and strengthening global economic governance. These forces entail the demographic trends which are defining an increasing global majority of people from non-Western, non-industrial developing countries over the future. OECD countries today constitute 17 percent of total population. By 2050, they will comprise only 11 percent of the world's people. Eight of the nine billion population in 2050 will be from non-OECD countries. G-7 countries today are 11 percent of the world's people today, whereas the G-20 countries represent over 60 percent. This means that having the G-20 meet at the head of state level next year to replace the G-7 would be "anticipating the future" in a significant way.

But there are major economic reasons for this shift. There is a pattern of chronic instability in the world economy over the last thirty years which requires stronger oversight and guidance. Large emerging market developing countries (EMEs) are crucial to resolving these instabilities which frequently have found their source in them. Issues at the interface, trade-finance-development on one hand, and health, education, environment, gender and poverty on the other, require inter-institutional coordination in the age of globalization which is qualitatively different from managing the challenges of the age of interdependence that preceded it. The growing consciousness and appreciation of cultural difference and the drive toward own-versions of modernism are making it essential to include a broader range of nations in global governance. And this diversity is rendering one-size-fits-all policies obsolete as development paradigms.

For all these reasons, reform and strengthening global economic governance reflecting the new multipolar, multicultural and multimodern character of the global economy is a high priority for today, and an imperative in "anticipating the future".

--- --- --- --- ---

* Colin I. Bradford, Jr. represented the United States at the Development Committee in the spring of 1978 when was an official in the U.S. Treasury Department in the Carter Administration. While at the World Bank's strategic planning office in the late 1980s, he drafted a report on Africa for the Development Committee agenda for its spring 1989 meeting. He attended the Development Committee as an observer when he was head of

research at the OECD Development Centre in Paris in the early 1990s. While he was Chief Economist of the U.S. Agency for International Development (USAID) in the Clinton Administration, he was the lead USAID official in charge of relations with other donor nations in the OECD Development Assistance Committee (DAC). In that capacity, he initiated a year long "reflexion" of senior officials which generated the International Development Goals (IDGs), the precursors to the current Millennium Development Goals (MDGs). Since then, as Professor of Economics and International Relations at American University, he has taught a course on the globalization of culture and the economy called "the global majority". In the last two years, Dr. Bradford has been an adviser to the World Bank on the MDGs. He was a member of both the Commission on the Role of the MDBs in Emerging Markets and the Commission on Economic Reform in Unequal Latin American Societies. Colin Bradford is now a Visiting Fellow at the Brookings Institution in Washington, D.C..

BIBLIOGRAPHY

Martin Albrow (1996), <u>The Global Age: State and Society Beyond Modernity</u>, Stanford: Stanford University Press.

James H. Billington (1998), <u>The Face of Russia: Anguish, Aspiration and Achievement in Russian Culture</u>, New York: TV Books.

Colin I. Bradford, Jr. (1998), "Macroimbalances and Chronic Global Disequilibria: The Post-Bretton Woods World Economy 1973-1998", paper prepared for American University Conference: "Globalization in Crisis: An Agenda for Action for the World Economy", December 1998, manuscript, cbradford@brookings.edu.

Colin I. Bradford, Jr. (2000), "Being and Becoming, Bound: The Nexus between Globalization, Culture and Economics", American University manuscript, July 26, 2000, cbradford@brookings.edu.

Colin I. Bradford, Jr. (2002a), "Toward 2015: From Consensus Formation to Implementation of the Millennium Development Goals The Historic Background: The Consensus Formation Phase 1990 - 2002", Washington: World Bank (DEC).

Colin I. Bradford, Jr. (2002b), "Toward 2015: From Consensus Formation to Implementation of the Millennium Development Goals Issues for the Future: The Implementation Phase", Washington: World Bank (DEC).

Robert Chase, Emily Hill, and Paul Kennedy (eds) (1999), The Pivotal States: A New Framework for U.S. Policy in the Developing World, New York: W.W. Norton.

Praveen Chaudhry, Vijay Kelkar, and Vikash Yadav (2002), "The Evolution of 'Homegrown Conditionality' in India - IMF Relations", manuscript, vikash1@ssc.upenn.edu.

Commission on the Role of the MDBs in Emerging Markets (2001), "The Role of the Multilateral Development Banks in Emerging Market Economies", Washington: Carnegie Endowment for International Peace, EMP Financial Advisors, and the Inter-American Dialogue.

Commission on Economic Reform in Unequal Latin American Societies (2001), "Washington Contentious: Economic Policies for Social Equity in Latin America", Nancy Birdsall and Augusto de la Torre with Rachel Menezes, Washington: Carnegie Endowment for International Peace and Inter-American Dialogue.

Yashodhara Dalmia (ed) (2002), Contemporary Indian Art: Other Realities, Mumbai (India): Marg Publications.

Salah Hassan (1999), "The Modernist Experience in African Art: Visual Expressions of the Self and Cross-Cultural Aesthetics" in Olu Oguibe and Okwui Enwezor (eds) (1999), Reading the Contemporary: African Art from Theory to the Marketplace, Cambridge: The MIT Press, pp. 215-235.

Samuel P. Huntington (1996), The Clash of Civilizations and the Remaking of World Order, New York: Simon & Schuster.

Stephany Griffith-Jones (2002), "Increasing Participation of Developing Countries in Global Financial Governance", manuscript, s.griffith-jones@ids.ac.uk.

Stephany Griffith-Jones (2002), "Governance of the World Bank", Report prepared for DFID, manuscript, s.Griffith-jones@ids.ac.uk.

Thomas McEvilley (1993), "Fusion: Hot or Cold", in Thomas McEvilley (1993), FUSION: West African Artists at the Venice Biennale, New York: The Museum for African Art, pp. 9-23.

Alexandra Munroe (1994), "*Circle*: Modernism and Tradition" in Alexandra Munroe (ed), Japanese Art After 1945: Scream Against the Sky, New York: Henry N. Abrams, Inc.

B.P. Singh (1998), India's Culture: The State, the Arts and Beyond, New Dehli: Oxford University Press.

Jim Supangkat (1996), "Multiculturalism / Multimodernism" in Asia Society Galleries (New York), Contemporary Art in Asia: Tensions/Traditions, New York: Harry N. Abrams, Inc., pp. 70-81.

Michael Sullivan (1997), The Meeting of Eastern and Western Art, Berkeley: University of California Press.

Leo Van Houtven (2002), Governance of the IMF: Decision Making, Institutional Oversight, Transparency and Accountability, Washington: International Monetary Fund.

Box #2: Millennium Development Goals (MDGs)

1. Eradicate Extreme Poverty and Hunger.

   Halve between 1990 and 2015, the proportion of people whose income is less than one dollar a day and the proportion of people who suffer from hunger.

2. Achieve Universal Primary Education.

   Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

3. Promote Gender Equality and Empower Women.

   Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.

4. Reduce Child Mortality.

   Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

5. Improve Maternal Health.

   Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

6. Combat HIV/AIDS, Malaria and Other Deseases.

Have halted by 2015, and begun to reverse, the spread of HIV/AIDS and the incidence of malaria and other major diseases.

7. Ensure Environmental Sustainability.

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources, halve by 2015 the proportion of people without sustainable access to safe drinking water, and by 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

8. Develop a Global Partnership for Development.

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system, address the special needs of the least developed countries and of landlocked and small island developing states, deal comprehensively with the debt problems of developing countries, develop and implement strategies for decent and productive work for youth, provide access to affordable, essential drugs in developing countries, and make available the benefits of new technologies, especially information and communications.