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**CHALLENGES OF GLOBAL GOVERNANCE**

Excellences, Ladies and Gentlemen

I am delighted to be able to address you this morning and I want to thank the Institute for Diplomacy and Foreign Relations for the kind invitation. I have taken a keen interest in the affairs of the Institute and was very happy to accept the invitation to be its patron. This is because I believe strongly in the Institute's mission. The training of the men and women of our diplomatic service is of paramount importance for maintaining the peace, security and prosperity of our country.

1. Nearly a century after the birth of the League of Nations in June 1919, the world is still grappling with the challenges of effective global governance. That first serious attempt at international governance came to grief in less than three decades, a casualty of its failure to prevent another world war.

2. The architects of the League sought not just to keep the peace and prevent war. They also attempted governance of other global issues, some of which are not unfamiliar to us today - labour, health, human and opium trafficking, and international disputes through the Permanent International Court of Justice.

3. The founding of the United Nations in 1945 launched the present phase of efforts at global governance. For more than six decades now we have been hard at work within and outside the United Nations to advance international cooperation on numerous common issues impacting upon the well-being of humankind.

4. The issues cover a wide spectrum: conflict and conflict-related issues such as dispute settlement, arms control and disarmament; international terrorism; poverty; human development; food; health; human rights; international trade and investment; global finance; climate change; the environment; crime; human trafficking; welfare of women and children; drug trafficking and drug abuse; cultural exchange; civilizational dialogue, ..... the list goes on.

5. We have worked on three broad fronts in pursuing global governance in these areas. First, we have worked on establishing the norms, laws and regulations; second, on constructing the institutions; and third, on implementing various activities and initiatives in pursuit of our aims and objectives.

6. The norms, laws and regulations covering the diverse areas include those in the United Nations Charter and the Bill of Rights, as well as those established by bodies such as the World Trade Organisation (WTO).

7. The institutions for global governance are myriad, and they include the United Nations and the specialised agencies under it; the United Nations Educational, Scientific and Cultural Organisation or UNESCO; the Bretton Woods institutions; and the International Court of Justice. Prominent among the implementation initiatives are efforts at maintaining peace and programmes of action such as the Millennium Development Goals.

8. The progress made in global governance in the last hundred years has been quite remarkable. The liberal international order inspired and bequeathed by the West after the Second World War has been the most benign and open in history. With some notable exceptions the hegemony inherent in it has been largely soft hegemony. The international order enabled other nations that chose to participate in it the opportunity to pursue freedom, enjoy greater liberties and develop their potential for growth and prosperity.

9. With its 173 member states, engagement has been truly universal in the most important global institution, the United Nations. Nations large and small, whatever their cultural make-up, their historical experience and their political ideology, subscribe to the same principles of inter-state conduct prescribed in the United Nations Charter, even though in practice some diverge.

10. The WTO is also almost as universal in reach, with 157 countries and customs territories as members and 26 more as observers. The liberal market-based economic order championed by the United States and Europe has assisted growth in many far-flung economies and lifted millions out of poverty especially in East and South Asia. Rising powers that benefited from this economic order are not seeking to overthrow it. Rather they have joined it and are profiting greatly from it.

11. The architecture for global governance has proliferated beyond expectation. It is now driven by many hands, and it is growing literally every day. It consists of hundreds of government, non-government and private sector organisations and forums dedicated to various globally-relevant causes.

12. Global-level institutions for governance are being complemented by bodies set up at the regional level, such as the European Union, the African Union, the Arab League and the Association of Southeast Asian Nations or ASEAN. Community-driven and interest-specific organisations serving specific clientele, such as the Organisation of Islamic Conference or OIC, are also playing important roles.

13. As a result of the cumulative impact of national efforts as well as regional and global endeavours, never before have so many been rescued from poverty and want. An unprecedented half a billion people graduated out of poverty within just five years in the period between 2005 and 2010. It is estimated that the Millennium Development Goal target for poverty reduction will be successfully met by 2015, when the global poverty rate is expected to decline below 15 per cent.

14. Never before too, have so many enjoyed this much prosperity and comfort. The developing economies, where the majority of the world's people live, expanded by no less than 50 per cent in the six years between 2005 and 2011. Expanding economies and rising incomes have generally also meant tangible improvements in access to health care and social amenities.

15. The twentieth century also saw a growth in the number of democratic countries and the number of people living in democracies. Though the trajectory has not been straight and there have even been reversals, the broad trend to-date is clear. Indeed growth has bordered on the spectacular in the last two decades. In its latest report, Freedom House estimates that the number of electoral democracies grew from 76 in 1990 to 117 in 2011. The values championed by the institutions of global governance and their programmes to develop economic and democratic capacity played a role in making possible this growth.

16. These are significant achievements indeed. Sadly though, there is also a considerable downside to our performance in global governance. Despite our hundred-year experience and the substantial gains made, the existing governance structure is becoming increasingly unsustainable.

17. The institutions of global governance created after the Second World War and reflecting the power hierarchy then are now increasingly misaligned with the emerging geo-economic and geopolitical landscape. While institutional structures have remained largely static, the number of states has quadrupled; non-state actors are multiplying and asserting their voices; globalisation is intense; and economies, financial systems and societies are becoming profoundly interconnected and interdependent, so much so that no part of the world is insulated from the problems afflicting the others.

18. After a lapse of two centuries the balance of economic power is returning to Asia. While the United States will remain dominant for some time in cumulative military, economic and soft power, economic weight is pivoting away from the North Atlantic hemisphere and diffusing to other parts of the world. New power centres are emerging that are eclipsing some of the old dominant powers.

19. As a consequence, the United Nations Security Council, the International Monetary Fund, the World Bank and the World Trade Organisation require substantive reform in terms of membership, voting rights and leadership candidature. The tweaks that are presently being made to the economic institutions are moves in the right direction, but the pace needs to be accelerated.

20. The global financial system is still captive to severe speculative swings and excesses. Whereas developing East Asia was able to find the resolve and the discipline to remedy some of its weaknesses, it appears that the advanced economies have not been able to do so yet. As a consequence, some European economies are almost bankrupt, while others in the developed world are not doing too well either. The East is now bailing out the West. The repercussions to the rest of the global economy can be dire if the European countries are not able to institute the necessary reforms to their financial systems.

21. The quality of human life too has not changed very much in large parts of the world. In some areas it has even deteriorated markedly. Nearly a quarter of children under the age of five in the developing world are still undernourished. A total of 2.7 billion people, more than a third of the world's population, still lack access to improved sanitation. Poverty remains a haunting spectre of life in the poorest economies. Poverty is also increasingly becoming an urban phenomenon, and significant income disparities remain an undesirable feature of many societies.

22. If global governance has not been very good, or good enough, at addressing some of the socio-economic deficits and inequities, it has been even more disappointing in shouldering its other major responsibility, that of maintaining global peace and security.

23. The League of Nations consistently failed to maintain the peace between the two World Wars. Its biggest failure was its inability to prevent World War Two. Its successor, the United Nations, this time with the United States as a member of the world body, has also shown a poor record.

24. The rule of law has not replaced the tyranny of power in key moments in the management of global peace. International law has been breached on several occasions, sometimes by the primary custodians of the global security order themselves, the Permanent Members of the Security Council. Long-festering issues such as the Israeli/Palestinian conflict, the divided Koreas and the cross-Straits issue remain unresolved, again with some of the Permanent Members as active protagonists in these issues.

25. The number of nuclear weapon states has increased from five to eight. The declared goal of nuclear disarmament has been effectively reduced to mere nuclear non-proliferation. The end of the Cold War brought no peace dividend. Instead, world military expenditure grew in real terms by 50.3 per cent between 2001 and 2010, to an estimated total of US\$1.63 trillion. The top five spenders are the five Permanent Members of the Security Council. Despite the huge increase in military spending in many countries, it is ironical that none of the powers feels even one iota more secure.

26. The principles of national sovereignty, non-aggression, non-use of force and non-interference that constitute the bedrock of the global security order have been too frequently and grossly violated. They are leaving behind massive human tragedies and economic catastrophes in their deadly wake.

27. The incidence of internal conflicts has increased relative to inter-state conflicts, and terrorism, an age-old security problem has, oddly, been declared a 'new' and 'non-traditional' security threat.

28. The international community has a choice. It can continue labouring under an architecture for global governance made in and for the previous century, or it can enact concrete reforms to align it better with the strategic profile and needs of the twenty-first century.

29. In my own view, it is time for a seminal and substantive review to be conducted by a high level international body, such as a Commission of eminent persons of international repute aided by a panel of experts. Though independent, the Commission will benefit from the support of the United Nations Secretary General.

30. This will not be the first time such a review has been proposed or conducted. Several in fact have been launched in previous years, both from within and outside the United Nations system. Some of their reports have been extensively debated, but none have been successfully implemented. At best they found their way to the debating floor, and perished there.

31. This should not dishearten those who want better global governance and desire meaningful change. They are on the right side of history, and they carry the hopes and aspirations of many.

32. One such Commission, The Commission on Global Governance jointly chaired by former Commonwealth Secretary General Shridath Ramphal and former Prime Minister of Sweden Ingvar Carlsson, was launched in 1992. It submitted its report two years later. That report makes for enlightening reading even today.

33. Two decades on, it is perhaps time that another such initiative be launched.

34. If launched, this Commission will shoulder a heavy responsibility. It will have to execute its task without fear or favour. It must serve no diktat save the one entrusted upon it.

35. It must conduct an honest and objective appraisal of the governance architecture as it exists today, its strengths and its weaknesses, where it is working and where it is not, and how far it is relevant to the needs of the times. It must then come up with proposals to make global governance in the twenty-first century perceptibly better. No doubt we can expect these proposals to be bold and forward-looking, yet made with feet firmly planted on the ground.

36. The exercise cannot be anything less than thorough. It must address, and address squarely, the central challenges confronting global governance not only now but in the foreseeable future as well.

37. I believe such an important enquiry cannot avoid but delve into at least four critical areas.

38. First, the nature of the evolving strategic environment. An understanding of this environment, how it is changing and what demands it is making upon global governance will perforce predicate the study.

39. No doubt the tectonic shifts in the balance of global economic and strategic power and their implications will be the central focus here. They are probably the biggest factor contributing to the growing obsolescence and dysfunction of the major institutions of governance as they are presently constituted.

40. But I would be surprised if the study does not also go well beyond this to look into issues as diverse as the impact of globalisation upon both vulnerable as well as developed societies; the underlying causes of global financial turbulence and the adequacy of current approaches to tame them; and the more coherent role that civil society and the private sector can play in advancing global governance.

41. Second, structural and procedural reform of the principal multilateral institutions of global governance. Absent such reform the institutions lose their credibility, legitimacy and effectiveness. The reform of the United Nations, the central pillar of the international governance architecture, has already been the subject of much study and debate. The Commission can identify the options available for enlarging the permanent and non-permanent membership of the Security Council; the utilisation or replacement of the system of veto; the empowerment of the General Assembly and the restoration of its original, more influential role; and the safeguarding of the independence and integrity of the position of the UN Secretary General.

42. Corresponding reviews will also be necessary for the other key institutions, namely the World Bank, the International Monetary Fund and the World Trade Organisation. Voting rights, eligibility of candidates for the chief executive positions of these institutions and closed-door consultations among a select few, are some of the aspects that require reassessment. As the ranks of the major economies grow, so must their rights and representation.

43. In this regard, the move in the direction of the G20 is welcome indeed. The challenge now is to ensure that the G20 does not dissipate its economic agenda and digress into other areas as well. A similar move towards a more inclusive, representative and democratic Security Council is a serious option for better global security governance.

44. Third, the more effective engagement of non-state actors in the governance process at all levels. The role of the state is declining in the evolving domestic and international order, and the space is being filled by these actors. The resources and expertise at their disposal are enormous and their participation is indispensable.

45. To some extent, this is already happening. Indeed, International Non-Government Organisations such as the International Committee for the Red Cross and Red Crescent and Medecins Sans Frontieres have long been navigating their own course in providing humanitarian assistance. But closer coordination and better engagement of civil society organisations and other non-state actors in decision making and consultation processes can elevate global governance to an altogether new level. The modalities for effecting this are worth exploring.

46. And fourth, a strong advocacy for demilitarising the global security culture. Many countries are spending much more than they need for legitimate and reasonable defence. They are trapped in a vicious cycle of mutual military enhancement because neighbours and competitors are doing so and they do not want to lose any edge they possess or upset any prevailing balance.

47. The search for ever more advanced weapons with greater lethal capacity is driving research in military technology and prospering a powerful military industrial complex in the major economies. It is also fuelling a lucrative global arms trade. In some countries, this industry has grown so big and so important to the national economy that governments themselves have a vested interest in sustaining demand at home and abroad.

48. This situation facilitates the propagation of an adversarial security doctrine that is increasingly at odds with a strategic environment in which the economic well-being and strategic interests of states are becoming intimately entwined and war mutually destructive and costly. Such an environment favours cooperative rather than adversarial approaches to managing security that is increasingly mutual and common except in exceptional cases.

49. Demilitarising security culture and reducing military expenditure is therefore an urgent priority for promoting sound global governance and international peace. The Commission can make an important contribution here by challenging the dominant adversarial doctrine for managing security, championing pacific approaches for resolving conflicts and disputes, and offering concrete ideas for collective arms control.

### **Concluding Remarks**

50. I would therefore respectfully commend to you the idea of a Commission on Global Governance for the 21<sup>st</sup> Century. I believe it is an idea whose time has come. It is perhaps best pursued in collaboration with dedicated partners of like mind in other parts of the world. Such an initiative would then be representative of a truly universal endeavour.