

## Who Governs the World in the 21st Century?

Address given by Helmut Schmidt, former German Chancellor, on the occasion of the opening of the Bucerius Summer School in Hamburg, Germany, August 20, 2001. The Bucerius Summer School is a two week seminar designed for promising young professionals from various nations. The speakers are leading representatives from the political, scientific, business and social communities. The Ebelin and Gerd Bucerius ZEIT Foundation was established in 1971 by the publisher and founder of the renowned weekly newspaper DIE ZEIT, Gerd Bucerius (1906-1995). The Foundation provides funding in science and scholarship, education and training, as well as art and culture.

### What matters is the spoken word.

With regards to the title-question in your program, let me try to be a bit more modest. No professor nor even the most advanced computer can give you a prognosis covering the globe over a full century. And I am neither a knowing-it-all-professor nor a computer, but only an ordinary citizen, just a has-been political leader and – even worse – a life-time economist. Therefore I will limit myself to touch upon some of the phenomena which I do expect for the next couple of decades.

I. Because any forecast, be it related to the weather or the economy or the tennis tournament at Wimbledon, has to start from the facts and the tendencies of the present. Let me start by hinting to ten of the **factors that foreseeably enough will have a major impact on the future:**

1. You have to expect that the **global population** will continue to grow at the present pace which has no precedent in the 19th or any earlier century. Mankind did number 1 1/2 billion people in the year 1900, a hundred years later by the year 2000 the figure had risen to beyond 6 billion. Within a few decades into the 21st century we will trespass 9 billion human beings. The space that is available per person will further shrink. This population explosion is in the main happening in Asia, in Africa and in Latin America. We will therefore have to expect more local or regional wars, international as well as intrastate, so-called civil wars in these three continents.

2. **Global warming** is highly likely to continue, although

we don't as yet have reliable forecasts as to the velocity of the increase of temperature. We do as well not have as yet reliable forecasts as to the climatic and physical living conditions in certain areas – for instance the rise of the level of the oceans or changes in the major oceanic currents. But we have to expect that global warming might in its effects intensify the afore mentioned conflicts.

3. Population growth plus climatic changes will cause **growing tendencies for migration**. Europe and North-America will ever more become attractive for potential immigration, whether legal or otherwise.

4. At the same time, **globalisation of information and of technology will continue**. During the last two decades the number of human beings, whose lives directly or indirectly are under strong influence of economic glob-

alisation have doubled, due to the opening of China and to the liberation of almost 30 states which hitherto had been dominated by the Soviet leadership and had been closed off from the global economy. It is unclear, whether and to what extent quite a few of the developing countries will as well open up to fuller participation in the global economy.

5. But recent experiences appear to suggest that **only strictly organized developing countries can economically and socially benefit from globalisation**. South-Korea, Taiwan, Singapore, Hong-Kong and as well the People's Republic of China did well under strict one-party-rule. One might – with some reservation – call these examples economically enlightened dictatorships. On the other hand a greater number of developing countries tried



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to establish democracy, but failed economically or politically – or both at the same time. The collapse of the Soviet Union was in the main due to the abrupt introduction of both perestrojka and glasnost over night.

6. Clearly a number of relatively new, **non-traditional security problems are looming large** over the horizon, like international drug traffic, international organized crime and also terrorism, small arms traffic, Aids, BSE, foot and mouth and other diseases.

7. The **emphasis of national governments on strong military capabilities is still uninterrupted**. This goes as well for the developing countries, were on average the military expenditure is many times higher than the development aid (ODA), which they receive. It is also true in the field of nuclear weapons and other means of mass destruction; within the last 5 decades the number of nuclear weapons states has increased from one to presently eight – its further increase seems rather likely. The technologically far advanced countries are undertaking strong efforts to qualitatively improve most of their military capabilities.

8. At the demise of the Soviet Union some people, f.i. in the U.S., thought of a **new era in the global power constellation**; they foresaw an end of the balance of power-game, America remaining as the only superpower and even expected a so-called „peace dividend“. But today it is obvious China is to be respected as a world power, still Russia as well, maybe later on as well India and Brazil.

Japan will at least figure as an economic and financial world power. The same seems likely in regard of the European Union, although it will take at least all the three oncoming decades until we in the EU will truly arrive at one common foreign and security policy.

In other words: To maintain peace between the major powers of the world will as well in future necessitate the sense and will for balance and fair compromise – plus highly skilled diplomacy.

9. The **globalisation of information** will also need diligence. Beside its undeniable advantages we must as well expect new forms of crimes; also globally dominant or even monopolist networks are thinkable; they **might become capable to originate worldwide political or ideological campaigns, also mass psychoses**. The Europe-wide emotions at the car accident and death of a hitherto disputed English princess, created by the electronic mass media, has given us a foretaste, as well as the TV-pictures of injured and dead humans in Kosovo, the latter were use-

ful for stimulating public opinion to agree to military intervention against Serbia.

10. This leads me to my last example of existing tendencies which will have an impact on our common future, namely the **forecast of a clash between civilisations**. Certainly the danger of a general clash between Islam and Western civilisation cannot be ruled out as unthinkable. But it would be an inexcusable mistake to think of such a clash as being unavoidable and thereby make the forecast of a possibility into a self-fulfilling prophecy.

In other words: Under the circumstances of the ever higher density of the worlds population and ever higher interdependence, religious and ideological tolerance and respect for the others beliefs becomes an indispensable necessity.

II. If we compare the beginning of the new century with the beginning of the 20th century we can observe new chances and new challenges at the same time. Some of the old dangers will continue to exist, others may wither away – like the danger of global war. A couple of decades ago the Club of Rome has lamented loudly about future catastrophies, many young people professed their „Angst“ and somebody called the whole era the „Age of Anxiety“.

Today we find a much more positive mood, particularly in Europe, in the US and also f. i. in China. But the dream of one common world governance has outlived the end of the student revolt of 1968. Historically the dream is much older. After World War I the League of Nations was one first attempt. After 1945, again under American leadership, the UN and its Security Council was a new start. The UN and all its affiliate organisations over more than half a century have not done badly; but they are all together far from what could be called „global governance“. The criticisms of the UN, of the Worldbank, the International Monetary Fund (IMF), the World Trade Organisation or the G8 are manifold. Some criticisms are perfectly legitimate. Some of the Non-Governmental-Organisations (NGO's) have good cases – like for instance Amnesty International.

But some NGO's and some of the organized international protestors at Seattle or Genoa tend to evolve from theoretical idealism into violence; some may in the end even become terrorists. They blame multinational corporations and economic globalisation for all severe shortcomings in the world. But they have not so far come up with any realistic recipes. Their utopian proposals could only be imple-

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mented by global dictates, not by democratic decisions within sovereign states.

It must be understood, how difficult and delicate the task of democratic leaders is, when they have to convince their national public and their electorate of the necessity of transnational objectives, policies and institutions and entice popular acceptance of the unavoidable losses of national autonomy and of the necessary economic sacrifices. Take as an illustrative example the last Irish referendum; the Irish gladly are receiving enormous financial help from the EU but they have refused the further enlargement of EU because it would mean a reduction of Irish net receipts.

**Democratic leadership in the age of globalisation, particularly collective international leadership towards Global Governance, is much more difficult than democratic leadership has been in the age of the sovereign nation state.** For being successful as a collectively acting international leader in the era of television, you may know your goal, you may know the necessary ways and means, but you need to convince the majority of your **national** public, meaning that you – on top of it all – have to be a fairly impressive television actor.

Often enough TV is enticing political leaders into opportunism. I was not amused when I watched an American president siding with the protestors at Seattle against WTO, an institution of global governance in which his own country is exerting much of the leadership. And I as well think it was a bit more of opportunism than realism when in September last year 187 heads of State and of Government at the so-called UN-Millennium summit declared their resolve „to halve by the year 2015 the proportion of the worlds people whose income is less than one Dollar a day“.

High hopes at the beginning of a new century are quite normal. To achieve the goals one will have to use the existing institutions and procedures plus their improvement and reforms or replacement plus additional ones. So far the world is governed in the main by national governments, only partially by **global** institutions, partially by multilateral and also bilateral treaties. One might call it a multi-level-governance or a governance of variable geometry.

III. The best working global institutions are still the international regulations of all traffic in the air and on the high seas; they serve their limited purpose outstandingly well.

**The by far most important global institution is the UN, including its Security Council** and the General Secretary.

It has endured the long decades of cold war, serving peace reasonably well – despite and even with the help of the inevitable right to Veto by a few big powers. But it has to be noted that not only two powerful multilateral Alliance-Systems but also a great variety of bilateral and multilateral treaties have served the abstention from hot warfare quite successfully, for instance the Non-Proliferation-Treaty (NPT), also ABM (at least so far), SALT, the Testban-Treaty and so on.

As yet there does not appear any necessity to change in principle the existing system of the UN and of the global constellation of security institutions. But a few recent events can lead to future complications. On the one hand the military intervention by NATO against Milosevic's Serbia was a clear violation of the UN-Charter. It was argued that for urgent and overwhelmingly imperative humanitarian reasons one had to act, although the Security Council had not taken a vote to do so. One can only hope that this action will not serve as a precedent for the future; otherwise the Security Council may become obsolete and the violation of international treaties may once again become fashionable.

On the other hand the US have announced their intention to build a National Defense against Missiles (NMD). This requires either a re-negotiation of the ABM-treaty or its termination. It will in any event change the security situation of the world powers. It might contribute to a closer security cooperation between China and Russia. In any event changes of the multifaceted global security institutions seem inevitable.

It is foreseeable that the US will for the next two or more decades have a considerably greater weight in collective global governance than during the cold war. It will require tact and skill to avoid the attitudes of hegemony. Most of the existing global institutions stem from American initiatives and leadership (only the OECD, the Helsinki final act plus OSCE and the G7/8 summits are noteworthy exceptions). It could lead to a deplorable chaotic situation if the US would choose to either abandon the institutions which they have instigated or dominate them.

IV. The **World Bank** has always been dominated by Washington, to a somewhat lesser degree also the **International Monetary Fund (IMF)** and the GATT (nowadays called **WTO**). These three institutions of world governance have great influence over developing countries and countries in financial crisis. A **redefinition of the tasks of the IMF** – which has lost its original purpose to maintain a global system of fixed exchange rates already 30 years ago – into the direction of supervision of the

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globalized financial markets and the highly speculative behaviour of some of its participants appears desirable. Until today the IMF mainly acts as an ever ready lender of last resort for sovereign states, but indirectly as well as a rescue for related loans and credits by private Western financial corporations. Such rescues are advantageous for Zürich, London, Frankfurt and Wallstreet, but by no means is it perfect global financial governance. It seems likely to me that the IMF can and will be reformed within the next 20 years.

I am much less confident about the **World Trade Organisation**. It has done much to globally liberalize trade. But it has provoked also the creation of so-called Free Trade areas, which have chosen to efficiently protect some of their industries, particularly agricultural production. This is true for the USA, for the EU and for Japan – much to the disadvantage of a number of developing economies, which could offer cereals and other foodstuff at much lower prices. The still very powerful OPEC-Cartel, in collusion with a small number of globally active oil corporations, is another violation of the principle of free trade. On top of it you have a number of unilaterally imposed trade sanctions.

All the offences against the enshrined principle of free trade are due to national egoisms – committed either by national governments or by democratic majorities inside sovereign countries. As I am fairly convinced that democracy in the nations of Western civilisation will last in the 21st century, I cannot nourish great hopes that national egoism will wither away. But I like to register the fact that the Brussels Commission of the EU has recently been able to prevent a giant merger in a foreign continent that was threatening to create a market domination by one company. Nevertheless, there is no great hope for a global governance over fair competition in global markets.

The **G7 summits, nowadays G8**, have never really been an institution of global governance, although it may appear otherwise, which misconception is due to their overloaded agendas, their pompous statements and their ridiculous public relations- and TV-circus. They will also in oncoming decades not become a powerful institution, unless they come back to the original practice, namely meeting far away from press and television, at a secluded valley or island, just the chiefs plus their foreign and finance ministers. Such rather personal and intimate exchanges are indeed useful – because none of the heads of government is a seasoned diplomat, all of them will speak plainly, all will be left on their own. They will learn thereby and understand, especially those who are new in office. Of course it is highly desirable to include China, also India

and as well Brazil.

V. Summit-meetings do nowadays abound, whether as UN, G8 or WTO or NATO or every six month EU, a waste of effort. Much greater is the waste, the gap between costs and effectiveness, in most permanent global institutions. They abound of bureaucrats and bureaucratic red tape and are characterized by the absence of democratic control. **The democratic deficit of any global body is in fact unavoidable.** Therefore anybody who favors more powerful institutions for global governance, ought to be aware of the lurking Leviathan, namely the ever-growing selfish and tyrannical but de facto uncontrollable bureaucracy. But still, many people do believe in additional global controls lest otherwise **globalized capitalism** will emerge as the ultimate regent of the whole world.

Such fear is indeed plausible. In my view there are three areas in which **potentially dangerous effects of transnational capitalism** are obvious:

1. The spread of the **ridiculous ideology** that elevates „shareholder value“ into the one and only principle of entrepreneurial behaviour can lead to deep going cultural changes. Mergers and takeovers normally lead to cutting jobs. Raiders do not feel guilt to put off tens of thousands of employees. The ideology of a managements natural right to hire and fire is indeed spreading. It goes against ingrained cultural traditions in Europe, in Japan and elsewhere. In the end at least the European democracies will resist a de-routing of our inherited principles of social civilisation. But the results in parts of Asia and Latin America and in most of Africa may be quite different.

2. The global financial markets are an area in which private corporations may become too powerful at the expenses of democratically elected governments. We have already seen, about one decade ago, how a privately owned, highly leveraged speculative investment fund could force the British government to devalue sterling. We more recently have witnessed how another highly leveraged fund could force the U.S. Federal Reserve System to come to its rescue in order to avoid a domino effect of collapses. The **financial markets and particularly the traffic in short term money do need globally applied regulations** – otherwise some big private financial houses and corporations may acquire too much political power. The big banks do not presently govern the world, but they do have the potential to bring a heavy political weight to bear on their national governments.

3. As an European I am also worried about the present advances and spreading of influence of **privately owned**

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**and managed global information systems**, from TV to the internet. We have witnessed f.i. how they created the global psychosis that made millions of people to believe in the wrongly so-called „new economy“ and buy new technology stocks at ridiculous prices. We are also witnessing an owner of TV-channels becoming the political head of 60 million Italians.

Global information and propaganda-systems are indeed capable to exert economic and political and cultural influences far beyond their home country. There is a looming potential for usurpation of parts of global governance. Not so much capitalism as such but specifically TV- and information-capitalism may become a global challenge. It may even develop into a challenge to democracy.

VI. One might ask: **What kind and what degree of global governance appears desirable?** The answers might differ due to ones national and cultural background. As an European I would mention seven points:

1. The desirability to maintain any nations ability to determine its constitution and to decide its own affairs by themselves. Only so far as their national means are not sufficient to solve a problem, due to the transnational specifics of that problem, **only in so far is subsidiarily transnational or even global governance desirable.**

2. Any kind of international and of global authority **should be based on consensus and treaty between sovereign states.**

3. **The UN is to be maintained and also strengthened.** Its Security Council ought to be **the one and only authority that has the right to legitimate the use of military force** outside national borders – except in cases of self-defense.

4. Among the most urgent of new or improved treaties and agreements is a **new concept for the World Bank and Official Development Aid:** O.D.A. ought to be made conditional on a recipient countries efforts to efficiently establish planned parenthood and on the countries limitation of its military armaments and budget.

5. **A new concept for the IMF** also is desirable; its main future task should be to maintain efficient rules of behaviour and fair order in global financial markets.

6. A **global compact** is desirable in order to limit the **remittance of greenhouse gas** and also other human activities that contribute to global warming.

7. A **worldwide system** of new or of improved treaties is desirable in order to **limit armaments**, This ought to embrace nuclear weapons and other means of mass destruction, also means for warfare in outer space, also land mines, and – most important of all – curtail the export of weapons, particularly of small weapons etc. etc.

VII. So far for the desirable goals. But what will happen in reality? It is an eternal problem of mankind that there always is a great gap between our wishes and hopes and on the other hand the ugly reality. Also in the oncoming decades will the desirable only to a very limited degree become reality. What is likely to, in reality, happen during the next 30 years?

My guess is, that we will see many geographically limited wars. Neither the UN nor NATO will be able to prevent them. In the contrary the charter of the U.N. will many times be violated by U.N.-member states. The afore mentioned desirable agreements will partially be realised but it will take long years, and several crises will occur along the road. Any sweeping limitation of arms exports is unlikely.

The population explosion will go on. Insufficiently governed overpopulated developing countries will suffer as hitherto. Well organized countries will gain from globalization, as far as they enable themselves to adapt their economies to new technologies and new competitors. The Americans will in effect dominate in many fields.

**America** will for quite some time remain to be more equal than the other world powers. One cannot exclude the possibility that Americans willfully try to exert control over other countries. A cold war between the U.S. and China is becoming thinkable; in such case the EU would be faced with a difficult decision.

**The EU** has created one major crisis for itself by offering membership to a dozen countries without sufficient structural and financial preparation; disappointments are due to happen. It will probably take **more than the next three decades until the EU develops into a world power** – but this must not let the Europeans shrink back. After all the European integration process, starting with Jean Monnet's Schuman-Plan, has so far taken 50 years – its completion might altogether take 100 years. Don't be too impatient!

VIII. My last remark is addressing you, the highly intelligent young women and men at the Summer School. It is you, who will be faced with growing future problems of global governance. Many of you will become leaders, be it in manufacturing or commerce or financing, be it in academia or in the political arena. You will need a good

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overview prior to make decisions which will affect others. They may affect others even beyond your national borders. You may be confronted with the tension between the interest of your corporation and on the other hand the interest of the community or the society or country. You may even be confronted with the dilemma of national sovereignty versus global governance.

Growing interdependence means a growing potential for conflict as well as for compromise. Nobody is entitled to exclusively pursue his or her rights and claims. Every human also does have responsibilities and moral duties. No leadership without accountability!

And please, do not ever forget the ancient Roman wisdom which was relayed to us by Cicero: *Salus publica suprema lex.*

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
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*Helmut Schmidt, born December 23, 1918, is a forgotten name from the past, but in international politics and the humanities he remains very influential. Chancellor of Germany (1974-1982) and author of the G-8 idea, he was also a politician supporting the creation of the OSCE and EU. Schmidt is of the generation of Kissinger,*

*Thatcher, Mitterand and those who led world politics during global changes which took place during the last decades of the 20th century. Schmidt continues to be an active participant in the international political process in spite of the fact that he is now 85-years old, and his opinions are listened to around the world. He is publisher of DIE ZEIT.*

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