Insights from the 2018 Paris Peace Forum Debate Sessions

A Dialogue Between International Organizations on Global Governance

The multilateral system crafted over the last century is facing a period of intense pressure. There is a sense that popular frustration, driven by unmet expectations over the benefits of an ever-more integrated global economy, has sparked a contagion of nationalism and protectionism. If this crisis of confidence is triggered by deficits from globalization, how do we address that problem? How can international organizations be most beneficial to people’s daily lives?

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The Forum had a unique opportunity to host a conversation between the heads of six major multilateral organizations — IMF, World Bank, WTO, ILO, UNESCO and OECD — who shared what these challenges look like from their respective institutions and priorities for the road ahead. The panel discussion was rich with insight and recommendations.

What’s the Problem

“We are seen as the managers of a globalized system that is not delivering what people want” — Guy Ryder, head of the International Labor Organization, captured it well. Around the world, there is declining confidence in international and national systems of governance, even in public institutions generally.

Has the multilateral system failed, particularly the economic component? As Jim Kim, President of the World Bank pointed out: if we want evidence for the benefits of trade, for example, consider that as recent as 1990, 40% of the world’s population lived in extreme poverty and today it is less than 10%. Inequalities between countries have decreased thanks to free trade, even if inequalities within countries (especially advanced economies) have increased.
But there are sufficient indicators showing that economic gaps are getting worse, particularly within higher income countries. Global wealth has risen, absolute poverty has declined, but the distribution of economic growth has become increasingly imbalanced. The confluence of disrupted industries, dislocated workers, stagnant wages, and the uncertainty of the rapidly-arriving digital economy is fueling distrust and dividing societies.

“Trade is like oxygen: take it away, and you will notice it immediately.”
- Roberto Azevedo, WTO

The World Trade Organization is at the center of the storm. Roberto Azevedo, the Director-General of the WTO, spoke of the existential threat that the organization currently faces. He is especially concerned that so much of the population does not realize what is at risk if we begin to dismantle mechanisms of free trade. “The question is not whether a citizen will lose, but how much they will lose.” He emphasized that global markets are not zero-sum. “We live in a world where two-thirds of the products sold are produced in at least two countries. It is not an issue of whether [raising barriers to global trade] will affect you; everyone is going to be caught somehow in the impact.” The integration of markets and the cross-border flow of goods, finances, and persons is a reality that won’t be going away.

Critics argue that a system of multilateral collaboration based on large international institutions is outdated. Panelists pointed out that they are constantly evolving, and they have done so since their inception. They also offer unique value. We live in an era where cross-border challenges are the reality. Collaborative approaches are the only route to solutions. As Christine Lagarde from the International Monetary Fund argued, inclusiveness is fundamental to success. Pluralism is not a substitute for multilateralism. “We cannot close our eyes and assume that these [global challenges] will go away. They won’t.”

Angel Gurria of the Organization of Economic Cooperation and Development added on. Even as we focus our attention on issues like economic inclusiveness and adapting societies and economies for the future, there is still plenty of work to be done on “the classics”. “How are we going to deal with trade, with investment, with migration, or climate change if we do not do it multilaterally”?

“At the End of the Tunnel
So, how do we address the anti-globalization anger that is spreading across so many countries and keep it from undermining the valuable work of international organizations?

Jim Kim pointed out that international organizations may be the face of multilateralism, but the disgruntlement that most of these constituencies are voicing “is not a critique of multilateral organizations per se; they are angry about being left out of the benefits of globalization.” Part of that resentment derives from people’s nervousness about where they will fit in the economy of the future.

Kim spoke specifically about the Bank’s focus on human capital as the pathway to address economic inequalities and growth. And he’s optimistic: “I think that in so many countries the task is fairly straightforward: Start with better health and education as a way to transform the workforce at every income level of the population.” Even more broadly, the digitalization of economies and societies must be a focus for all organizations as they work to prepare populations for this transformative period ahead.

Inclusive economic growth was a common priority for the diverse organizational mandates represented on the panel. The heads of the International Monetary Fund, the International Labor Organization, and the Organization for Economic Cooperation and Development also chimed in on this topic. In fact, the OECD Secretary-General, Gurría emphasized that inclusive growth is a cross-cutting issue for all the organizations around the table to work on. He echoed the importance of preparing populations for the transformative period ahead with the digitalization of economies and societies. There is a wealth of issues to work on, including how to increase productivity, adapt wages, deal with legacies of years of low growth, education, and workforce inclusiveness.

From the IMF’s seat, Christine Lagarde added tax evasion, base erosion, illicit financial flows, and corruption as concrete areas where serious progress could help to address income inequalities within societies. She argued that improvements in these areas “would go a long way to re-establishing citizen’s trust in the international system”, especially within many developing countries.

**The Big Picture**

By bringing together around one table the heads of multiple, major international organizations, the Forum benefited from a unique view of macro trends, how they fit together, and how the work of these institutions must likewise. In today’s world, economic, societal, and security issues have moved beyond just transnational, to in most cases, transversal. Collaborative international solutions must keep pace.

Some of the panelists quite specifically called for international organizations to step up their work together. Not only would it benefit the specific portfolios, but also it would help to build greater public confidence in the efficacy of multilateralism. As Guy Ryder of the International Labor Organization pointed out, the collaboration of international institutions and coherence of their efforts can “help to show that the promotion of trade does not hurt labor ... that the application of wise financial policies helps with how people live and work, et cetera”.

“I would love our government boards to talk to each other and help us work on solving problems. We have to see our missions together.”

Jim Kim, World Bank

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Jim Kim took the idea further. From his perspective, international organizations — and their leaders — are working together better than ever before. The next step is to change the mindset of how leaders of these organizations view global governance in today’s world. “The single greatest threat to the multilateral system is if we don’t see that our mission is to tackle the most important problems of our times together. [International organizations] should not get caught up in their problem instead of the big problem.” If the challenges in today’s world are fundamentally intertwined, then multilateral institutions should approach solutions in the same manner.

Who’s on the Hot Seat

A gathering of the heads of six major international organizations unsurprisingly led to calls for all concerned actors to reaffirm the values on which the international system of collective organizations is built. But they also delved deeper, as each leader described concrete tasks in their particular domain. If addressing public confidence is the fundamental first step to reinvigorating multilateral cooperation, then delivering results that matter to people’s daily lives must be the priority.

International organizations can only go so far. As the officials responsible for guiding and implementing the mandate of their respective organizations, the panelists reiterated that it comes back to member states. “We stand ready to go as far as our members want” was a common theme around the table.

Roberto Azevedo warned that it is up to national leaders to explain to their populations what is at stake if the global trade system is dismantled. Elsewhere, if we want to see serious progress on corruption and illicit financial flows, states must make a serious effort it will only succeed if states make a serious effort to eradicate this corruption. Lagarde put it bluntly: “It’s not just a matter of voting for a resolution, but actually implementing and delivering on what they’ve agreed to.” Only then, will citizens see meaningful results.

And it can be done. Guy Ryder pointed out that if his member states would be able to ratify the eight fundamental conventions of the ILO treaty it would have far-reaching consequences, establishing — with legal constraint — universal rules of the game for the global economic system.

Christine Lagarde also raised an institutional point, emphasizing the need to rectify imbalances within multilateral bodies. “We need fair representation of all countries, and an automatic formula for capital based equitably on the weight of their contribution.” Inclusiveness is fundamental to success; pluralism is not a substitute for multilateralism. We need our international institutions to reflect the world of today.

What’s Next

Recognizing that we are in a pivotal period of skepticism around multilateralism, and knowing that there is much work to be done both to change the narrative and deliver inclusive impact, panelists also remained optimistic.
Without international organizations, many solutions to the challenges of today’s world are not possible. The task at hand is to make them stronger, more legitimate, and to create a confidence that they deliver concrete value to people’s daily lives.

Addressing the mood of anger against globalization and inequality gaps is an urgent first step. But it’s also time for international organizations to think beyond their institutional considerations and to see their mission collectively. Perhaps most importantly, as Angel Gurria stated, it’s time for “member states to make clear that they believe in the value of multilateralism and want to defend the collective system that has been built”.

Panel Participants
The Forum thanks panel participants: Roberto Azevedo, Director-General, World Trade Organization; Audrey Azoulay, Director-General, United Nations Organization for Education, Culture, and Science; Angel Gurria, Secretary-General, Organization for Economic Cooperation and Development; Jim Kim, President, The World Bank; Christine Lagarde, Managing-Director, International Monetary Fund; Guy Ryder, Director-General, International Labor Organization.

The panel was moderated by Enrico Letta, Sciences Po.

This is a publication of the Paris Peace Forum reflecting the debates at the Forum’s inaugural session in November 2018. It does not necessarily represent the conclusions of each individual participant.

About the Paris Peace Forum
The Paris Peace Forum is a unique platform for global governance solutions. It focuses on improving the organization of our world, in order to address its most pressing challenges in the areas of peace & security, development, environment, new technologies, inclusive economy, and culture & education.

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