



**EnviReform**



## **Globalization, Global Governance and Canadian Leadership in the Twenty First Century**

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Paper prepared for a panel on “Managing Open Borders: Emerging issues and long term trends in border collaboration between states/countries,” at the 2000 Diplomatic Forum, University Centre, University of Manitoba, Winnipeg, October 19-22, 2000. The author is grateful to the SSHRC for its financial support, under the EnviReform project, for the research on which this paper is based.

## **Introduction: The Old 19th Century Forms of Globalization**

It has now been well over a decade that scholars have busied themselves with the challenges of “Managing Open Borders”, following the end of the Berlin wall, the Communist Empire and the Cold War.“ Their enterprise has come to centre on charting the emerging issues and long term trends in border collaboration between states and countries, as the powerful dynamic of “globalization” takes hold (Friedman 1999, Micklethwait and Wooldridge 2000). Yet paradoxically, just as publics have come to recognize globalization as the central force of world politics in the twenty first century and to react with anxiety and sometimes violence against it, scholars have emphasized that globalization is nothing new and certainly not an inevitable nor an irresistible force (Pryor 2000). For, they claim, a close look at patterns of trade, finance, foreign direct investment, and above all migration in the second half of the 19th century and early years of the twentieth show a Canada, a United States and a world more open or “globalized” than the current one, after a century of world war, depression and national closure, has now become. For Canadians, reflecting on their still “special” relationship with the United States and on the longstanding importance of foreign and Commonwealth trade, finance, investment, and immigrants in fuelling their national development, it is easy to conclude that the current wave of globalization brings little that they have not seen and successfully coped with in the past.

## **The Three Twenty First Century Novelties**

That complacent conclusion would, however, be wrong. It is true that a quick historic recollection would and should calm the passions aroused by NAFTA in North America, the MAI at Paris, the WTO at Seattle, the IMF at Prague and illegal migrants from China assaulting Canada's coasts. Yet even in these key areas they are currently major changes in the speed, scope, scale and simultaneity of transborder flows.<sup>1</sup> More importantly, outside of these high profile fields of trade, finance, investment, and migration, there are now profound and novel transformations of kind rather than merely degree at work. While prognostications about the distant future are always a hazardous exercise (Kirton 1989a, 1989b), one can single out three genuine twenty first century novelties that will generate the emerging issues in border collaboration: the democratic revolution, the information technology revolution, and the ecological revolution.

The democratic revolution is the degree to which ever more polities on the planet are adopting, forever, the democratic form of domestic governance, the transparency, accountability and civil society participation that come with it, the accompanying respect for human rights and diversity, and the social safeguards required to protect the weak and ensure just outcomes (cf. Fukuyama 1992). The information technology revolution is the

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<sup>1</sup> Generically, globalization can be thought of as a step level intensification of the speed, scope, scale, and simultaneity of transborder flows, with speed embracing velocity and volume of throughput, scope including functional and geographic range and interrelationships, scale referring to the vertical impact downward to civil society and individuals and upward to

ease with which ever more citizens of the full planet can communicate inexpensively with one another, and thus become producers of information, communication, culture, networks and political movements on a worldwide scale (Rosecrance 1999). The ecological revolution is the truly unprecedented degree with which the economic growth fuelled by trade, finance, investment and labour migration is exhausting the planets often fixed endowment of environmental capital, as the compounding and often critical stress on freshwater, fish and forests show (Johnson 2001).

### **The Need for New in Global Governance**

To respond to these trends, and steer them in desirable direction, there is a pressing need for new, rather than merely more or less governance.<sup>2</sup> Yet it is precisely in regard to these three areas where the international community is least well equipped to even address in a comprehensive and coherent fashion the challenge, let alone craft and architecture appropriate the new age. The obvious problem is that the victory in the Cold War was not accompanied by it, as were previous victories of system wide scale in 1945, 1918 and 1814, with a general peace conference to institute *ab initio* a modern system of global governance to replace the largely ineffective, indeed conflict creating systems of old. As a

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transnational networks and global institutions, and simultaneity referring to balanced or random flows that can be produced anywhere and impact anywhere (Dewitt, Haglund and Kirton 1993).

<sup>2</sup> For example it is less the often remarked exponential growth in the number of IGO's and INGO's that is of importance than the almost complete failure to joint the two typos, the ILO and OECD notwithstanding, in a single system of governance.

result, the international community has been left to rely on the 1945-47 generation of UN-Bretton Woods centered institutions created to meet the needs of the world of half a century ago. That 1945 creation did yield an array of institutions well still adequate to the traditional tasks of guiding the familiar, nineteenth century forms of globalization – the IMF in the field of finance, the World Bank for state investment, the GATT and now modernized at Canadian initiative into the WTO for trade, and a cluster of UN functional agencies which deal with migration. Yet in regard to the democracy-information technology-ecological trilogy, there is a vast lacuna, or at best a partial, fragmented series of second class, segmented add-ons (e.g. conventions and bodies for climate change and biodiversity but not forests and freshwater), or a competition among established institutions attempting to extend their policy domains into areas where they have little expertise and capacity.

Moreover the normative core of the 1945 architecture is at best silent on, and at worst fundamentally opposed to the values required to shape an appropriate set of principles, norms and rules to govern globalization in the democratic, information technology and ecological domains in the new era. In the field of democracy with social protections and broader forms of human security build in, the UN Charter remains silent on the basic value of democracy, entrenches a system of interstate collective security from which human security and ecological security are largely excluded, heralds in Article 2(7) the principle of non-interference in the internal affairs of sovereign states, and to this day treat Japan and Germany and enemy aggressors and China as an equal members of the inner

management club (Kirton 2000). In the field of information technology, the regulatory structures of the ITU and like organizations remain fixed on a world of national governmentally controlled telecommunications monopolies, operating with principles, such as ‘free flow’ tailored to a long gone cold war world, and thus too blunt and inflexible to respond to the fast changing complexities of the cyberworld. And in the field of the natural environment, the best and most recent effort, at Rio in 1992, affirmed a set of principles in which ecological values were placed secondary to those of development, as if the old North South world were still firmly in place.

Taken together this UN-centered global governance, remains largely foxed on the on the 1945 formula of billiard ball like states with minimum internal interconnections bumping together intermittently on a pool table that contain an inexhaustable supply of the natural resources needed to feed their game of competitive, old economy growth. With such an architecture it is little wonder that an increasing number of citizens throughout the planet are crying out for very different approaches of governing globalization and guiding it through new processes toward new ends (Kirton, Daniels and Freytag 2001).

Thus far, some of the most promising responses have come from the G7/G8 system of institutions, whose annual meetings have been notably devoid of the violent protests that the IMF, World Bank and WTO incite, and that has moved with some skill to offer the transparency and participation that global civil society demands. As an alternative centre of global governance the G7 was born with democracy and social protection as its reigning

values. Its approach to the information technology revolution, most recent with the Dot-Force created at Okinawa in July 2000, offers the principles of equal access and the process of broad multi-layered participation that is at the centre of the concerns of those anxious about how globalization has unfolded to date. And in the field of the environment, the G7/G8 has pioneered such principles as sustainable development, and the need for a new balance between trade-finance-investment on the one hand and social cohesion on the others, while instituting processes (such as the renewable energy task force created at Okinawa) to help give these principles life.

At the regional level, North America with its NAFTA regime offers, if not a model, at least a sound foundation on which to build. The NAFTA regime has responded well to the demand to have trade and investment liberalization proceed only with strong environmental protections, both by creating substantial, interlinked parallel agreements and institutions – the CEC and CLC – and by embedding strong sustainability provisions within the core NAFTA trade text. It has met the democratic demand for direct civil society participation with innovative dispute settlement provisions that allow multinational firms, civil society stakeholders and even individuals direct access to international institutions, regardless of their relationship with the national government of the day. And now, after almost seven years in operation, the 50 or so institutions NAFTA has spawned offer good evidence that one can combine trade-investment liberalization and environmental protection, in ways that reinforce each and enhance the power of the smaller countries in the North American community (Rugman, Kirton and Soloway 1993).

One reason why NAFTA has worked so well for Canada, Mexico and North American environmentalists is that during the 1990's the United States finally became an effectively globalized country, of the sort that Canada had long been (Kirton 2000b). America's declining capabilities and growing vulnerabilities, as seen in its response to the 1997-9 global financial crisis and the alliance capitalism now practised by its firms has created an America compelled to co-operate, in ways its citizens are now aware of and accept. It is consequently and America that has become, during the 1990's, rather good a complying with its sustainable development and assistance to Russian democracy commitments in the G7, and its trade and environment commitments in NAFTA as well.

#### Canadian as a Leader in the New Globalization and its Governance

Can Canada cope with the still often ungoverned forces of the new globalization or even consequentially shape new arrangements for global governance that will secure the outcomes that Canadians and others want? As a country that has flourished internationally by being a skillful early adapter in the old game of globalization, there is some historic foundation for hope. Canada's current capabilities, in its democratic and diversity capital, its informational technology capabilities and its ecological capital, has the foundation for a formidable claim. And both of the recent senior ministers in the foreign affairs establishment, through the design and delivery of a concept of human security, and a

vision of a “New Politics of Confidence”, have offered credible forward looking starting points for charting a new course.

Yet much is still needed if Canada is to play a leading part in constructing a new generation of more comprehensive, coherent and controllable global governance that guides globalization in more environmentally and social sensitive and equitable ways. One is to confront directly the intellectual and policy challenge of crafting a new system of overall global governance appropriate to the new age, and finding points of entry in the existing system to put it into effect. A second is to give the ecological dimension a far greater place in the vision that it has had for many years. And the third is to mobilize the Prime Minister in the effort, intellectually and operationally, in a much more intense and strategic way. With the “Rio plus ten” review looming in the year 2002, and with Canada hosting the G8 Summit in that year, the opportunity and need to mobilize is close at hand.

What might such program to built a new generation of global governance begin with?

Within the North American neighbourhood, the construction effort should be guided by two essential facts. First, with a now equally globalized America sitting alongside it, and some successful international institutions operating above it, Canada can afford to take much bolder integrative initiatives that in could in earlier decades. Second, most of its border problems and solutions are no longer bilateral, but at least trilateral and most probably plurilateral if not fully global as well.

The first step is to deepen the North American community, not through measures such as a common external tariff or currency union which would disrupt relationships with key overseas partners, but in several areas where NAFTA was left incomplete. These include:

1. much expanded labour mobility provisions, embracing occupations filled by more than the already relatively rich;
2. a region-wide North American Sustainable Development Fund open to applications from communities anywhere in or across the region;
3. a regional North American Accord for Sustainable Energy, building on an idea offered by U.S. presidential candidate George Bush;
4. greater openness, transparency, civil society participation and North American architecture in the NAFTA Chapter 11 process and increased civil society influence in the NAAEC Article 14-15 one; an annual trilateral summit to provide strategic direction to the emerging North American community.

The second and simultaneous step is to broaden NAFTA, in ways beyond the ponderous and partial processes now in place in the FTAA, APEC and the WTO. Here the key steps should be as follows. The first is to take a much more aggressive approach to bilateral trade and investment liberalization, focused on weighty countries in regions of central Canadian interest. One key component is the conclusion of a bilateral free trade agreement with Japan, in which Mexico and even South Korea might be simultaneously involved.

A second is to replicate the logic of the new G20 created by and for finance ministers, by establishing similar forums for foreign and trade ministers and for leaders as well. Such forums could help bridge the new North-South divides that have stalled the Seattle-like

WTO process, and help create a consensus that would allow more ambitious attempts to craft a new architecture for global governance to be made.

A third is to replicate the successful NAFTA formula, with its environmental, labour and other provisions, by going global with them. Moving the existing WTO and ILO in this direction is a relatively easy task. Creating a coherent and capable Global Environmental Organization that can similarly relate to the Canadian-initiated WTO is a more difficult but still doable and much demanded one.

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