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Mr. President, I can say at the beginning that it is a very difficult task for me to make a comment on this very impressive paper which is far from my own experience as a lawyer and as a Member of Parliament for many years. But, to some extent, some very crucial points were mentioned which are really very familiar to me, notably the problem of corruption, with the openness of societies and the market. I think that this is one of the most important issues that, as members of the Academy, we should analyse at a deeper level: it is one of the negative symbols, symptoms, of the globalised world. We have discussed since yesterday different faces of globalisation. And in fact the discussion of globalisation is not a completely new one. But, if there has been an important development over the last couple of years, it is the change in the nature of the debate. Now it is the street whose voice is heard. By this I mean that globalisation has entered popular consciousness, not through our learned papers and erudite discussions, but through the public, I can use the word 'hooligans' as a street word, and because of violent demonstrations. Any event at all now seems a target for those who portray themselves anti-globalists. In a way, it is fitting that this session deals with the impact of globalisation on institutions, since the institutions of the state seem increasingly challenged, not only by globalisation itself, but also by those who claim to be its opponents.

The paper of Professor Braga de Macedo focused our attention in particular on the relationship between globalisation and institutions, and especially on the role of globalisation in reducing corruption. By underlining the effects of trade policy competition between foreign producers and international investors, and their impact on institution building, Professor de Macedo was able to show that there is a clear link between

this phenomenon and the limitation of corruption levels in specific countries. I think the debate about openness and corruption is an interesting one, but I would like to develop more closely the implication that open trade and law will necessarily lead to a decline in corruption. I would like to go a step farther and suggest that even if it were the case that globalisation, broadly understood, led to a decline of corruption, it cannot be said that it alone can perform this task.

The main point that emerged from the paper was that free trade and economic openness are the key perspectives on globalisation. Yet the theme of globalisation is one that has emerged only in the last decade while free trade has been a global development since the Second World War. The first broad point to make is that when we talk about globalisation, we surely mean something qualitatively different from merely the growth of free trade. Yesterday's discussions showed this very clearly. This was pointed out in the papers prepared by Professor Crocker and Professor Dembinski on 'The Different Faces of Globalization'. I will now quote Professor Dembinski who sees globalisation as a 'fundamental reconfiguration of inter-dependencies among persons, enterprises, political entities, capital and space'. But the opponents and proponents of globalisation recognise that there is also an economic base as well as an ideological superstructure which challenge traditional ways of understanding the relationships between the individual and the state, and between the individual and morality, as well as the classical ways of understanding the relationships between States and between States and international institutions. So, if we are to understand the impact of free trade on corruption, we should be careful not to take too much of a one-dimensional view.

Let me give a simple example of the complications that I see. On the one hand, the development of free trade, the growth in communications, and the internationalisation of business corporations have undoubtedly led to a decline in the importance of many national institutions of government. But at the same time as national institutions are disappearing, so new international institutions now seem to be developing. The last twenty years have seen a significant strengthening of transnational institutions, such as the European Union and its different bodies. There has been an internationalisation of jurisprudence with the establishment of the World Crimes Tribunal at The Hague. This is the latest example of this development, but as we know the agreement has not yet been ratified.

Apart from these institutions, which claim legitimacy from the governments that established them, other international bodies have gained

significant power with only a minimum of direct national political control, for example the World Health Organisation. And there are several international NGOs which increasingly demand to be the partners of national governments and international institutions in determining practical policies, such as in the field of environment. I make this point to show that globalisation is often thought of as challenging institutions as such. What in fact is happening is the weakening of some institutions at the national level and the strengthening of other institutions at the international level. And, in this perspective I am not sure if we can simply say that globalisation and openness of trade can bring a reduction in corruption or increase the transparency of institutions. The hard truth is that the individuals of the new international institutions that have arisen alongside globalisation, and which have an increasing impact on the daily lives of ordinary people, are themselves highly corrupt. I do not want to point a finger at this or that international institution, since I am more interested in the phenomenon as such. But there have been too many public examples of such corruption to pretend that this problem does not exist, or that it is not growing. The fact is that corruption in institutions is the outcome of two broad elements: the power of officials to transfer or allocate their scarce resources, and a lack of accountability and transparency in the allocation process. It does not matter whether the institutions are at the national or the international level. In fact, they are more likely to face the challenges if they are international in scope. The other key point is that these conditions can exist even in broadly understood free trade or free market contexts, much like pockets of disease can survive in an otherwise healthy environment.

Let me give you the example of the country I know best, my own, Poland. Prior to the collapse of Communism, it could reasonably be said that the entire political, economic arena was a giant corrupt enterprise. The combination of the autarkic socialist shortage economy combined with the total arbitrary power of unelected bureaucrats resulted in the entire economy essentially being run by corruption. Some of this existed at the highest political levels, but often this corruption involved political clientelism and quasi-financial favouritism at the middle and the lower levels. The period, since 1989, has of course been the story of rapid economic transformation, the introduction of the free market, large-scale privatisation, and the incorporation of Poland into the global economy. Not only in terms of free trade, but the progressive cooperation of Polish institutions with the organs of the European Union and other interna-

tional organisations. Yet, if one were to examine the development of corruption, during the same period, I would find it difficult to see any very clear situation other than one opposite to the one described in the paper. This economic change seems merely to have changed the nature of corruption rather than the phenomenon itself. Of course, the picture is never so simple. There are broad areas of the Polish economy that are free from corruption, and there is a growing sense among Polish politicians and officials that in the long run corruption damages the national interest, and that action needs to be taken now to eliminate it. Yesterday, we had in the Polish Parliament a very vigorous discussion on the issue.

Part of the solution to corruption, indeed, lies in the areas outlined in the paper that we have heard, namely the increased area in which interpersonal relations are governed by the market and not by individuals: to open up the economy to free trade, which by definition will punish the companies who owe their market position not to inherent efficiencies but to political protection, and to privatise economic sectors so as to remove them from the interference of bureaucracies. But that cannot be the entire solution. What is clear is that corruption also depends on a lack of the rule of law, on a lack of democratic accountability and responsibility, and on the lack of an overarching political culture promoting the entrenchment of moral virtues. Criminals will seek to corrupt officials and politicians if they sense that the law or judiciary will not be able to punish them. Officials and politicians will feel that they can be corrupted and take imprudent decisions if they sense that they will remain far from accountability or punishment, if only electoral. And ordinary citizens may tolerate the phenomenon of corruption unless there is an overarching moral order that encourages them to reject it.

My point is that these three elements: the rule of law, political accountability and a more or less coherent public morality, can only exist within the framework of institutions at the national level. The key is legitimacy. Yesterday, we heard about different aspects of legitimacy in the paper presented by Professor Dembinski. But ultimately I think the rule of law can only operate if citizens feel that the institutions which make that law are legitimate and have the authority to decide the rules and framework within which they run their lives. And there are various sources of such legitimacy. Democracy itself can successfully work within an arena where pre-political loyalties are important, and where there exists a set of institutions toward which citizens feel a sense of belonging and a requirement to care for them through participating in periodic

renewal through elections. The political culture also depends on a set of popularly held values, of public virtues, which make public discourse possible. It also means a social acceptance of some forms of behaviour by those in power, and a rejection of other forms of behaviour.

I must confess that I have doubts whether the process of globalisation can be entirely successful when we take into account the problem of accountability, of responsibility. As I indicated, the question of legitimacy can be resolved at the national level but great problems remain at the international level. There is a limit to which disparate cultures can agree on common legal norms and procedures, and a geographical barrier beyond which it becomes dysfunctional to hold elections to common institutions. We will never be able to overcome the deep historical and cultural differences that produce irreconcilable differences in the understanding of morality, virtues and political practice. So, what should be done? As globalisation grows and new international institutions develop, the latter should be carefully observed to ensure that they install the correct mechanisms of accountability and do not give to themselves powers that can easily be transformed into uncontrolled arbitrariness. The more loyalties to these institutions can be developed the better, so that they will become perceived by people as being worthy of care. If that happens, then globalisation will contain within itself mechanisms of self-control. At the same time, however, during the process of globalisation, we must seek to prevent its effects from undermining the loyalties, institutions and similar elements that are to be found at the local level, and which are so necessary to limiting the corruption of institutions, whatever the strength of the market. We need free markets and free trade to be sure, but we also need that surrounding order of law, democracy and culture upon which social order truly depends. The truth is that globalisation can bring true benefits to mankind when it is not perceived as a good in itself which ought to replace local and national institutions and loyalties, or as something which requires nothing more for its survival than self-sufficient mechanisms of trade and markets. This must go hand in hand with the historical process of globalisation. Only then will that process be secure, and only then will it bring the benefits that in the long run will show to peoples that it is something worthy of loyalty and protection.