

## RAPPORTEUR'S REPORT

### *Morning session: "Freedom, Accountability, Transparency, Legitimacy, Sustainable Development and Representation in Emerging Schemes of Governance"*

■ JANNE HAALAND MATLARY\*

The session's major paper was given by Prof. Buttiglione. It was a very comprehensive paper that included an analysis of all the key concepts treated in this session, and also a discussion of their understanding in light of Catholic social teaching. He started with a discussion of the two principles solidarity and subsidiarity (to be dealt with in detail in later sessions of the workshop) and remarked that the concept of liberty is often forgotten in these discussions, but it must be a starting point for any discussion of especially subsidiarity.

He then analysed what governance could mean, it is a term now used by both politicians and scholars. State leaders have governed and should govern their states, this is government proper, but in our age of globalization, one needs to govern beyond the state. The economy cannot be governed easily, political power, based on the democratic system of states, cannot govern beyond the state. There has to be international coordination, and this constitutes schemes of governance. Is the nation-state model obsolete, given the challenges of globalization? He mentioned Keynes as an example of the possibility to govern the economy within states, but that Keynes cannot be applied on an international scale. He also raised the question of what political tasks belong to the national sphere today, a question that underscores the importance of proper thinking about subsidiarity.

Further, he raised the issue of representation: Can and should the concept be developed/changed to fit governance beyond the nation-state? Can one meaningfully speak about representing 'stake holders' in a global company of public-private scheme of governance? He briefly discussed social contract theory (Rousseau, Locke, etc.) which is the very basis for liberal democracies, asking how one can supplement national social contracts with some form of representation at the international level.

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On transparency as a key concept of emerging forms of governance he underlined its great importance, and that modern media and the internet really facilitate more transparency. It is also a political demand everywhere today. But he also underlined that transparency is not a value that is always positive, even in democracies, for affairs of state, intelligence, etc. need to be kept on a ‘need to know’ basis. On accountability he offered interesting remarks on the relationship between this concept and competence, i.e. that exercising accountability requires some knowledge/competence in order to hold someone accountable.

Prof. Buttiglione went on to discuss fragmentation as the key characteristic of international governance today. It can be extremely dangerous, he said, for a person needs to belong to a political community, which means being a member/citizen of a country, a civil society, a family – as opposed to just being one in a mass. A nation, a people with a common language, history and territory belong together, there are bonds between them. International schemes of governance, however they be constructed, cannot substitute for this.

He then discussed the concept of sustainable development and the common good as the aim of political activity, from Aristotle through St Thomas and essential to Catholic social teaching. He also noted that in this tradition, the importance of private property is recognized as useful, but that private ownership must be balanced by the right of all to enjoy the fruits of the earth, which is the common property of all people.

Finally Prof. Buttiglione returned to the main theme of international governance and the words on ‘world government’ in PT. He underlined that the intention of Pope John XXIII was never a supra-national government, and that each nation has the right to pursue its own destiny and development. He cited Aristotle on the need for citizens to have a certain equality in the city, their own property, that subsidiarity must reign – a world government with redistributive rights is neither possible nor desirable. Noting that African growth is at 5% per annum now, he pointed out that the poor need investment.

He then asked whether international governance really exists. Some international regimes for political management of problems function well, such as the WTO, whereas others, like the ILO, do not. Labour rights today need to be developed in an international regime setting, otherwise the employee side can do ‘regime-shopping’. He also thought the EU too bureaucratic and underlined that “nations have a right to their cultural identity”.

He ended, however, on a rather gloomy note regarding the future of the nation-state. Is it dissolving, he asked rhetorically, if it cannot govern ade-

quately under the present rapid process of globalization? But he also noted that historically, the empire was the most prevalent form of government, so the nation-state is not written in stone, it is a recent historical development. The forms of political organization change, what is essential is to preserve the accountability of rulers, transparency, legitimacy, etc. The EU, as it is now, does not provide a model for a new type of governance structure, he noted.

The paper by Prof. Buttiglione was an excellent basis for comment and discussion. The comments were given by five academicians who has a ten-minute intervention each, followed by general discussion in plenum.

## Comments

■ PROF. TIETMAYER opened his comments on the paper by acknowledging the impressive overview that it offered, and decided to comment where he had the most experience and knowledge, given the short time allotted. This field was economic governance. He said that the latter is crucial today as economic globalization is set to continue. Two things are necessary, he said, rules and incentives that work, i.e. the proof of the pudding is in implementation and enforceability, not in nominal schemes of governance and formal institutions that lack steering ability, and secondly, efficient implementation. He also commented on the importance of transparency as a tool for both efficient implementation and for legitimacy and accountability. Most importantly, transparency has a deterrent effect on behaviour. In the field of finance in which he is an expert, Prof. Tietmeyer said that more transparency is more important than more government regulation. Market behaviour can be controlled best through transparency, he argued. Transparency is key also re. the euro, earlier and better transparency would have prevented much of the crisis, he said. Country comparisons were not published, and were not always true in terms of numbers, and the numbers were not comparable. This made it impossible to detect the crisis at an earlier time.

He also criticised the EU, agreeing with Prof. Buttiglione: there are far too many meetings and far too much bureaucracy, no emphasis on effective results. There are technocratic, long debates and much inefficient decision-making, he concluded. Treaty changes have not improved EU governance. He also said that there is no check-and-balance in the EU system, and no observance of subsidiarity although it is in the treaty.

On the future of the euro he said that a banking union is necessary and that EMU states must have a real union, and not only solemn declarations. The key to international governance is implementation and effects, not intentions.

He had a concrete suggestion: make independent expert groups that can publish reports on current affairs, that should function as a 'check' on official policy in the EU. He cited his own positive experience of this in Germany.

He also agreed that employment creation is basically a national political task and that there must be stimuli in economic policy, but warned against laxity in making necessary corrections to national economic policy.

In sum, he called for better governance, and said that the EU/Europe cannot become a United States of Europe.

■ PROF. ZAMAGNI agreed with the analysis in Prof. Buttiglione's paper and had concrete suggestions for models of international governance. There are essentially 3 models, he said: The free market model, government in a state as we know it, and governance, a mix of actors from both public and private in some cases.

The behavioural dynamic of these models are competition in the market, enforcement and regulation in government, aiming at fairness/justice, and reciprocity in the governance model. Developing his ideas re. the latter model, he said that there are three types of interactions there, one vertical, by governments, one horizontal, by markets, and one circular, by those involved in governance.

A strategy for governance today must use all three 'logics', and there must be a combination of cooperation (by governments) and competition (by market actors).

Governance today must use the information society at hand, there is a need for governance not only between states/governments, but also inside corporations, so it is not only the public sphere that needs improvement. In the field of economics, much work has been done on the market mechanism, and in political science, the same holds for government, but no one has really developed models of governance, combining and drawing on the various dynamics or logics outlined above. These three models complement each other, but in which areas are they needed, and more importantly, which 'mix' of logics should be devised?

Prof. Zamagni proposed 3 areas: International finance, which should be regulated by a mix of market and government, the creation of a global trade regime that includes services and intellectual property, an 'update' on WTO rules, he said, and finally, labour and migration, a kind of General Agreement on Wages and Labour is needed in the world today. He also noted that one should be optimistic about what can be achieved, after WWII the present-day regimes and institutions were set up, a massive undertaking, so it is possible to develop new forms of governance.

■ PROF. KUAN commented on government as a system of liberal democracy, noting that not all governments are of this kind. He paid attention to the functions of government, noting that it is about “who decides what, where and how”. Governments rule hierarchically, but NGOs also play a role in governing. Governments must coordinate and sanction in order to govern effectively. He agreed with Prof. Buttiglione on the importance of legitimacy and accountability, and said that international governance must be an exercise of coordinated sovereignty. He also thought the EU the best example of such governance at the regional level.

Globalisation is not linear, we see more disorder than order. There is increasing lack of governance, the world is not at all governed effectively by international regimes. Regionalism is however a force in today’s global disorder, and is only really strong in Europe, nowhere else.

At the global level there is disorder and anarchy, there is rivalry among blocs, competition, and a threat to global solidarity.

■ PROF. RAGA said that he would offer comments on the concept of governance that Prof. Buttiglione had outlined. He underlined that government is something entirely different from governance, which does not possess any recall system or other democratic quality. “Government precedes all governance”, he stated. In PT there is the reasoning about how democracy is in the natural order, only governments that respect human rights (which entail democracy) are legitimate. Consensus on something – the typical mode of decision-making in an international regime – does not constitute legitimate government.

Prof. Raga distinguished between substantial legitimacy, which has the common good as the aim of politics, and representative democracy, which follows voting procedures, and said that right procedure is not enough, there has to be political substance that accords with the common good.

Taxes have to be just, a good public sector as well, and secrecy is bad, more transparency is needed (but secrecy may sometimes be justified).

On sustainable development, Prof. Raga said that one must balance the needs of the economy and protection. There must be governance beyond the state here. There must also be a transfer of sovereignty in many fields, and the use of the market model.

■ PROF. POSSENTI agreed with most of what Prof. Buttiglione had said and had three points that he commented around: the government vs governance issue, global goals of international governance, and subsidiarity. He said that governance is cooperation-based, a series of procedures and actors, a vast

series of processes. There are some elements of government also in governance, and politics is not global at present, mostly national. In reality, international governance today is embryonic.

What should be the goals of such international governance? Here Prof. Possenti reminded us of the goals as they exist in Catholic social teaching, and this makes it possible to concentrate work in governance to these themes:

- World economic governance
- Disarmament
- Food security
- Environment
- Migration policy

Then Prof. Possenti introduced a question about the structure of social teaching re. solidarity and subsidiarity: are they the same kinds of principles? Are they ‘on an equal footing’? Subsidiarity, he argued, is an organizational political principle whereas solidarity is a substantive political goal.

## **Discussion**

After these comments general discussion took place for 50 minutes. The themes were legion. Many commented on the question about subsidiarity/solidarity that Prof. Possenti raised, and disagreed that they were of a different order. Subsidiarity is also a substance issue of politics, it was said, as the criteria of what should be a political issue and not is at the heart of ideological differences (Zamagni, Finn, Buttiglione).

On economic governance, a discussion about Keynes beyond the nation-state ensued, and some quoted the successful London G-20 meeting in 2009 on this score, saying that it was in effect a co-ordination of Keynesian policies (Llach).

Global public goods as a key theme is not really addressed, remarked Msgr. Sánchez Sorondo, and this should be the starting point. It is a question of justice. Does globalization lead to more injustice? Alton, Matlary said something to this effect, solidarity is severely weakened by economic globalization.

Archer referred the audience to the 2008 proceedings that dealt with relational or indivisible public goods, and remarked that one should discuss who the socially excluded groups are today, as there are many.

In his final remarks, Prof. Buttiglione gave an expose of PT in relation to current globalization, and noted the encyclical’s embrace of negotiation instead of opposition in international politics, i.e. that compromise makes up the normal daily work of international politics.