

**4th International Economic Forum in Baden-Baden "Globalization - value(less)?"
"The case for global governance - an appeal based on personal insight and
experience", by Dr Srgjan Kerim**

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Ladies and Gentlemen,

Despite the fact that I matriculated in Bavaria in the 1960s, and there are photos of me as a youth, wearing lederhosen, complete with traditional shirt and hat, I actually grew up in some of the less peaceful regions and historical times. I have lived in Skopje, Belgrade, Istanbul, Munich, Paris, Bonn, Berlin, New York and Vienna.

Given my background, the subject of my talk today is less about academic intellect and more a matter of the heart.

As you already know, the title of our forum is: "Globalization - value(less)?" It is a play on words but not without meaning. Quite the contrary. My answer to the question whether globalization is valueless is, simply, no, she is not. While the answer to the question whether it is based on certain values is: yes! Unfortunately it is not based on any values. There are no common values on which globalization would be based around the world.

Allow me to explain and deepen this argument below in my speech.

The world of industry, hardware, printed media, egocentric nation states, minimally unregulated capitalism, but also regulated foreign trade in traditional goods with only a gradual shifting division of labour, is slowly coming to an end.

Even the division of labour Germany has recently taken to its heart – research, development and design at home – cheaply produced elsewhere – is increasingly being called into question. Great China does not only want to be the workbench of the world but is already flying into space, using technology developed on its own.

Our new world is already glowing on the horizon like the sun before it eventually rises each day. The world of digital technology, information technology, or to put it more simply, the software "world", is our reality.

The talk is of e-commerce, of global finances whose annual value is a hundred times larger than that of traditional foreign trade; the world of Google, Yahoo and other electronic giants, which no one can control; the world of social networks, which influence public opinion in all directions, far beyond the national borders.

Globalisation is an unstoppable process, spurred on by the fantastic development of innovation, research and technology, especially in the fields of information and communications.

A deeply complacent Germany is not considered to be particularly innovation-friendly in this sector.

We should be thinking about the creation and growth of industrialisation at the beginning of the 19th century. This process has been protracted for over 200 years. It started in England and Germany, was continued in America and will be completed in India, China and other emerging economies.

In the 19th and 20th centuries, industrialisation was the motor for economic growth and eventual prosperity, thus for social development. Many have benefited from the new prosperity. Globalisation will decisively shape this century and the next. It will take on a new dimension. Regional and global free trade agreements are being concluded. That not only facilitates the free trade in goods, but also the exchange of services. The process of technology transfer is inexorable. It has no need of spies or pirated copies. By the way, even the old German steel and textile industries were quick to intensively copy from England.

Permanent migration will be a mainstay of globalisation. Our entire history has been characterised by the migrations of peoples. Today, the reasons for this are intensifying rather than diminishing.

Henceforth, globalisation is not a concept, as some authors have liked us to assume. Rather, it is an unavoidable process primarily based on the innovation and research represented by the incredible technological advances in the fields of information, communications and energy.

The proponents of globalisation as the most important driver of economic growth support their contention with the following facts:

Since the end of the 1990s, American and European enterprises have invested around three billion dollars in their emerging markets campaign. Over a half of this was for take-overs. According to the investment bank Morgan Stanley, Coca-Cola & Co. generated a

third of its most recent income in emerging markets. Ten years ago, it was still only 12 per cent.

At the same time, the international economic networks have vastly expanded. As the Kiel Institute for the World Economy calculated, the contribution of foreign added value to the German production has almost doubled in the last twenty years. China and Brazil in particular have become increasingly important players.

At this point we need to talk openly about the Achilles heel of globalization. The chronic and frightening rise of unemployment, particularly among the young population is getting worse and worse. The almost 30 million unemployed people are the seven largest state in Europe. In Asia, in Africa and in Latin America the situation is much worse.

The digital world as the embodiment of globalisation is the great challenge of the 21st century. But it is not the only one. The influence and consequences of climate change should not be underestimated. I would also add demographic changes and trends in migration.

What are the international relations in this context? What fundamental values are they based on?

A preliminary diagnosis might suggest: with one leg in the old world and the other in the new. That is quite the stretch, even if we consider the differing rates of development.

One important question to ask in this context is what is wrong with present-day international organisations, especially the United Nations? Are they fulfilling their originally conceived roles?

Before we come to precipitate conclusions, we should look at the foundations of the world order as they were laid down after the Second World War.

The aim was to achieve a world order which, wherever possible, would maintain, create and secure peace. A few clever people realised that you can either shoot yourself dead or not. To live in peace with one another, thus, requires considerable organisational and institutional safeguards to reach a consensus. Unfortunately, destruction is easy, construction is much more difficult.

However, one can say that some things have been achieved. There has not been a world war for 70 years. At the same time, it must be said that there has not been a single year since the end of the Second World War without local or regional wars. And

most of them were dealt with at the time, and with the direct or indirect involvement of the 'East' or 'West', starting with the Korean War and continuing to the annexation of the Crimea by Russia.

The Fall of the Berlin Wall and the lifting of the Iron Curtain, at the end of the 1980s and beginning of the 1990s, were described as being the 'The End of History' (F.Fukuyama), while others spoke of a 'New World Order' (R. Kaplan).

The 'New World Order' is supposed to be based on a balance of interests, instead of a balance of power. In other words, geopolitics is to be replaced by economic policy on the global scale. That turned out to be an illusion. The world today is a long way removed from a time or place when geopolitics as the basis of foreign and international relations was mostly underestimated.

It is precisely for this reason that the claim that there is no longer an east-west conflict, and that everything which the term 'The East' meant during the Cold War, is dead or in a museum is without foundation.

That is an exaggeration and not in accord with reality.

The first illusion in this context was that the end of the GDR and the Warsaw Pact would also mean the end of the East-West Conflict.

The term 'The East' ought to mean and be defined as Russia and China. The rivalry of these world powers with the USA can hardly be overlooked. It is virtually an identity-forming self-conception.

Russia encourages and supports countries in Latin America, such as Venezuela, Cuba and Nicaragua, which are making their mark as opponents to the United States. China and America are engaged in a tenacious struggle for influence on the African continent, in south-east Asia, and recently in the Far East. The old saying that my enemy's enemy is my friend, while avoided in official diplomacy, is a diplomatic reality.

The gas supply between China and Russia is definitely a conscious challenge to the West.

Syria is a recent example of pure geopolitics. In this case, Russia and Syria are allies, because Russia does not want to be forced out of Syria. That would mean the loss of Russia's last military base on the Mediterranean, and Russia being "ordered" back to the Black Sea. Given these considerations, it is clear why Russia annexed the Crimea overnight.

Of course, that does not justify having or maintaining 19th century attitudes of the great powers.

The free and legitimate decisions of the east European countries and peoples from the Baltic to the Balkans have shifted the space of the 'West' further eastwards. That has not abolished the disparity and conflict with the real 'East', rather deferred it.

It does not require a deep analysis of the events of the last 25 years, since the Fall of the Berlin Wall, to reach that conclusion and provide supporting examples. Starting with the conflicts in the Balkans in the 1990s, all the way through to those in the Caucasus in the first decade of the 21st century, it is easy to discern the differing viewpoints of the 'West' and the 'East', as to the roots, causes, nature and consequences of the conflicts in these regions.

The controversies and differences between 'East' and 'West' can be easily read and understood in the resolutions of the United Nations Security Council.

What is the situation regarding international institutes and organisations? What is the United Nations doing? Is its role adapted to the needs of today's world? Does world peace mean a state of affairs without world war? Yes, but it is not possible to stop a great number of small ongoing wars. The question as to whether world peace is a result of the work of the United Nations or that of the 'Balance of Terror' is one like: 'which came first the chicken or the egg'?

One of the architects of the German foreign policy of the post-war period Egon Bahr reported to have said: "International politics is not about democracy or human rights, but rather the interests of States."

I would add: still, but not forever.

In a world, in which the nature of power is becoming increasingly more complex, international relations are harder to define compared with the traditional dominance of military power and the traditional terms of sovereignty. In this context, MULTILATERALISM is becoming more important, particularly through the United Nations as the only inclusive multilateral agency.

The role of the UN must be steered towards managing future challenges. Many of these challenges are the result of the long-standing dominance of unsustainable global growth.

In order for humanity to solve these problems effectively, the rickety international structure in which they function today would have to be considerably reformed and strengthened.

For this reason, ensuring the legitimacy of international leadership, i.e., its high level status and impact asks for three things: (1) A greater spread of democracy; (2) more equal relationships among the developing countries; and (3) a readiness to experiment. Whilst achieving these basic objectives, the people of the world would have to change their relationship to the unresolved questions of the new information epoch, if they really seek results. However, these questions cannot be solved in an inclusive way, without the creation of a *new culture of international relations*. In order to achieve said goal, we must be more courageous and grow beyond our own limits.

The United Nations must lead the creation of this *new culture*, by building up an interculturalism of international relations, based on greater mutual trust and cooperation and a more just economic consensus. However, that cannot be achieved if the private and non-governmental sector is not brought into the process of creating new strategies.

Support for human rights, the security of people, responsible sustainable development - all represent the fundamental values of this new cultural paradigm. Achieving this will require a continuing redistribution of sovereignty, and its transfer, particularly to the individual and international level.

Some people see globalisation as a limitation on national sovereignty. I take a different view. Globalisation gives people the strength to exert free will in the creation of a new global network beyond national politics.

In this context the debate on national sovereignty should not be focused on the 'End of Sovereignty', but on economic and cultural evaluation. Globalisation makes this inevitable, or it will be postponed for some time; ultimately, a new global politics is not possible without a new global culture.

Globalisation as a world community responsible to itself cannot solve the intractable problems of the modern global world: wars, economic backwardness, the devastation of the planet, exploitation and the new dominance, power and mythology of the market.

It is about changing the way we live, the ideas of community and society, at the centre of which the civil concept of progress should be perceived as a compensatory solution, without which there can be neither economic growth nor a developed economy – but also no developed humanities or cultural studies.

Today, there are two models on the world stage: 'USA – the American model', which is directed towards competition, corporations, innovations, and a widening disparity of incomes; and the 'Continental-European model', which is weighted more towards social requirements and social balance. The latter has particular consequences which are worth noting: weaker differences in earnings, hesitant adoption of innovations and higher unemployment.

The German philosopher Otfried Höffe discusses this situation in his work: *Eine föderale Weltrepublik* [A Federal World Republic] (1999). The dilemma between both models must, in my opinion, be solved by a new global organization for the new global society we embody, as a synthesis in a new planetary culture of international relationships.

The idea of the United Nations is a good one. Would anyone wish to dispute that? But in practice it is unsatisfactory – and nobody disputes that.

Nothing would be improved by not having the United Nations – and many things would be worse. Even disillusioned pragmatists should not allow themselves to lapse into 'cheerful resignation'. One must desire the impossible in order to achieve the possible.

It is, therefore, essential that a better world order, with influential and creatively designed organisations, should be on the agendas of political institutions. At present, too many people are of the opinion that they have enough to do with their own problems.

But the great problems of our time do not stop at national borders.

The taming of financial markets, climate change, secure energy supplies, the civilising of the internet, the struggle against terrorism, coping with epidemics and new diseases, the fight against cross-border crime, migration flows and many more, can only be dealt with collectively and cooperatively.

In our media and blogger world, too much time is spent on what divides us. What we have in common is seldom touched upon. Destruction is easy, construction is difficult.

We should see ourselves as constructors.

Thank you

Dr. Srgjan Kerim