Nuggets from the World Policy Conference

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Austrian President Heinz Fischer makes a speech at the opening of the World Policy Conference at the historic Hofburg palace in Vienna December 9, 2011. The World Policy Conference is devoted to the issue of global governance in all its aspects (Herwig Prammer/Courtesy Reuters).

—Vienna, Austria

The Internationalist spent the weekend at one of the more compelling stops on the global meeting circuit: the annual World Policy Conference (WPC). The brainchild of Thierry de Montbrial, founding president of the French think tank, l'Institut Francais des Relations Internationales (IFRI), the WPC provides a valuable alternative to the larger and flashier Davos—and a welcome opportunity to debate the state of global governance. This year's setting was Vienna's Hofburg Palace, a spectacular reminder of the city's imperial Hapsburg history.

Despite its modest guest list—perhaps 400 participants, drawn from the global North and South—this year's WPC attracted an impressive number of luminaries. They included current and former heads of state (among them Turkish President Abdullah Gul and Ireland's Mary Robinson), a slew of former foreign ministers (including Germany's Joschka Fischer, Russia's Igor Ivanov, and France's Hubert Vedrine), and major business figures like Narayana Murthy, founder of the Indian technology services giant Infosys. The meeting's agenda covered the waterfront, with plenary sessions ranging from the crisis in the eurozone to the trajectory of the "Arab Spring," from the future of the G20 to growth prospects in Africa; and from the role of corporate social responsibility to the challenge of managing global catastrophes like the Fukushima nuclear incident. A few of the more provocative arguments aired during the sessions (all of which are available online):

The world has reached a historical pivot.

"We are witnessing the early days of a new world order," Abdullah Gul declared. Two centuries ago, European statesmen gathered in Vienna to restore a continent ravaged by the Napoleonic wars. Today, world leaders face the task of reforming outdated international institutions of peace and security—not least the UN Security Council—and revamping organs of global economic governance—like the International Monetary Fund and G20—to accommodate dynamic emerging powers. We are experiencing "the greatest power shift in world history," observed the retired Singaporean diplomat Kishore Mahbubani—a shift that is returning Asia to the dominant position in the global economy it enjoyed in the two millennia before 1820. It would be a major mistake for the West, with only twelve percent of the world's population, to believe that it can control the destinies of the eighty-eight percent of humanity that live in other countries. What remains unclear, however, is whether today's rising states are as ready to assume the obligations as they are to enjoy the privileges of their enhanced status. Emerging and established powers are also often divided on fundamental values—ranging from appropriate limits of national sovereignty to the proper balance between states and markets.

The eurozone is not dead—but it's still in intensive care.

As the World Policy Conference convened, leaders of the twenty-seven EU members pulled a feverish all-nighter in Brussels to rescue the euro from potential collapse. Shrugging off resistance from the United Kingdom, the vast majority of EU members endorsed a new treaty proposed by Germany and France that would set public debt targets and mandate budgetary discipline—effectively moving the eurozone closer to a fiscal, and indeed political, union. Briefing the WPC participants, French sherpa (and former ambassador to the United States) Jean-David Levitte described the outcome as a triumph. And yet—as several participants observed—the deal contained hidden dangers. To begin with, the deal will create two- or even three-speed Europe, as some countries proved unable to meet the new criteria. Moreover, the agreement was settled entirely among political elites, with zero discussion among European citizens who will surrender even more sovereignty. This "democratic deficit" could prove disastrous, particularly if—as seemed likely—some EU members would need to hold national referenda on the latest deal.

The G20 isn't faring much better.

In terms of its performance and legitimacy, the Group of Twenty (G20) reached its high-water mark at the London Summit of April 2009, when its members agreed to inject unprecedented liquidity into a global economy flirting with depression. In the intervening years, however, the G20 has struggled to make the transition from a global crisis committee to an enduring steering committee for the global economy. No longer staring into the abyss, G20 members have increasingly pursued narrow national interests, resulting in frictions over currency policy and global imbalances—particularly between the United States and China. Most worrisome has been the G20's failure to empower the IMF to serve as a watchdog that can monitor G20 member compliance with the Pittsburgh Framework for Strong, Sustainable, and Balanced Growth. Lourdes Aranda, the sherpa for next year's Mexican G20 presidency, promised that her government would focus on follow-up to previous agreements—particularly regarding growth, financial regulation, and sustainable development—rather than overburdening the G20 agenda. Still, critical questions remained unanswered. These included: How will the G20 composition evolve over time, as the economic fortunes of countries change? How could the G20 governance structure be better reconciled with that of the IMF, whose board includes a constituency-based formula rather than a state-based allotment of votes? How should the G20 and G8 apportion their division of labor? Finally, should the G20 continue to be dominated by finance ministers as opposed to foreign ministers?

The "Arab Spring" is a critical event—but its ultimate outcome is unclear.

Participants were divided sharply on whether the Arab world was in the midst of a genuine democratic revolution. Some likened the political opening to the collapse of the Soviet bloc from 1989 to1991, believing it would merit similar historical significance. Others were more skeptical, anticipating a replay of 1848, an evanescent blossoming of liberalism quickly stifled by the forces of reactionary conservatism. While no part of the Arab world would remain unscathed, it seemed likely that the consequences of this wave would vary widely across the region. Former U.S. diplomat Edward Derijian suggested that the United States, as well as other Western countries, would need to take a sober, more realistic approach, and balance their idealistic support for "the long arc of history" with more concrete and immediate geopolitical interests.

Africa is poised for economic lift-off—and can play a critical role in global rebalancing.

It is high time to set aside stereotypes of sub-Saharan Africa as a hopeless region of violence, stagnation, disease, and misery. Over the past decade, the region has grown by five percent per year, and—thanks to structural adjustment—many African countries are closer to the macroeconomic criteria set out in the EU's Maastricht treaty than Europeans themselves. Presuming a similar trajectory over the next thirty years, the continent would boast a GDP equivalent to half of China's today. Over the same period, Africa's population will more than double, to 1.8 billion, providing the continent with an historic demographic dividend that could drive growth for another seventy years. To be sure, widespread corruption, grinding poverty, and the dislocation of rapid urbanization will remain constant challenges. But by 2040 Africa's middle class is likely to number 500 million, providing a sustained engine of economic growth.

All told, the conversations indicated that the world stands at a pivotal moment across many fields. The conversation—and debates—will continue at the fifth WPC, scheduled for next year in Istanbul, after what promises to be a rocky but interesting year for global governance.