I believe that most of our tools of global governance are currently under significant strain and in need of urgent attention. In the next few minutes, I will discuss some of the key challenges which, in my opinion, the world will have to deal with in the coming decades. I will suggest areas for improvement in our in international governance arrangements and I will examine the place of the G8 in the global governance universe.

One of the most vivid memories I retain from my time at the United Nations is the Millennium Summit which brought together more than one hundred and fifty heads of state and government.

One word was on every lip: globalization. Speaker after speaker expressed the same concern: would globalization help bring about greater prosperity and harmony or would it exacerbate divisions among nations? Could it be made to work for everyone?

9/11 has brought to the fore more immediate security concerns but globalization remains, in my opinion, the defining phenomenon of our times. It is generating new challenges which current and future generations will have to confront.

One such challenge is responding to the so-called 'problems without passports': climate change, terrorism, communicable diseases, people smuggling, drug trafficking, nuclear proliferation, to name just a few.

These problems have been with us for a long time but they have intensified with the advent of open borders and the information technology revolution.

In the coming decades, new global issues are likely to rise to the surface as the need for energy and raw materials continues to grow and water shortages threaten the well- being of millions. These problems cannot be solved by any country working in isolation within its national borders.

Another challenge arising from globalization is the impact of instant communications and easier contacts among people of different cultures.

Economic disparities within and between countries are there for all to see. They feed resentment and aspirations for a better life in equal measure.

Scenes of human suffering flashed on television screens worldwide elicit demands for action. But the push to uphold universal human rights and live up to the concept of the "responsibility to protect" which Canada did so much to promote is met with fear and resistance in many quarters.

Growing concerns for the preservation of cultural, linguistic and religious identities are in evidence everywhere.

Globalization has also facilitated the emergence of non-state actors as protagonists in the management of the affairs of the world. Multinational corporations and global coalitions of citizens, religious groups and labour organizations all want to be heard and now have the means, through the Internet, to exert influence on global decision-making.

The world needs institutions of global governance capable of dealing effectively with these new challenges while fostering peace, stability and economic progress for all.

Can we be confident that the institutions in place are up to the job? I am afraid not, not without some dramatic changes.

The United Nations and most other multilateral organizations in existence today share the same characteristics:

- They are composed of states where non-states actors have little place;
- Respect for sovereignty and non-intervention in the internal affairs of others remains at the heart of the international cooperation system, notwithstanding recent incursions by the Security Council in the affairs of states struggling with internal conflicts;
- The system is based essentially on voluntary acceptance of common norms with few costs for free-riders;
- Financial resources available to implement internationally agreed goals and strategies are extremely small relative to the needs

Issues of legitimacy, representation, accountability and efficiency plague most organizations. Decision-making is slow and cumbersome. National preoccupations almost always trump common interests, and reform of any kind is even more difficult to bring about than in national institutions.

To be sure, the last decade has seen important changes in the global governance landscape.

The GATT was transformed into the WTO. Several new environmental agreements, including the convention on Climate Change and its Kyoto Protocol were negotiated. The IMF and the World Bank overhauled their policies and the United Nations became much more interventionist in defence of human rights and the needs of people in humanitarian crisis.

Peacekeeping evolved from the simple interposition of soldiers to monitor observance of ceasefires to complex operations aimed at restoring order and reconstructing war-torn societies. A Peacebuilding Commission was created and the new Human Rights Council replaced the much discredited Human Rights Commission (although the positive impact of this last reform is hard to detect so far).

The next phase of adaptation and reform must focus on five major issues, in my opinion.

First is the continuing updating of legal norms, standards and policies which are essential to effective global governance. Some of the long standing norms are now under great strains and deserve a second look. I am thinking here in particular of the nuclear non-proliferation treaty and the various cooperative arrangements it has spawned.

Another example of norms under strain is the Geneva conventions on the laws of war which would also benefit from a review since many of the features of modern-day warfare were not foreseen at the time the conventions were negotiated.

And, of course, the time to design a successor agreement to the Kyoto Protocol is fast approaching.

In the longer run, there may also be a need to design new norms, standards or cooperative arrangements on issues like migrations, access to energy and clean water.

I do not underestimate the obstacles that would stand in the way of some form of global management in these areas which have epitomized the exercise of national sovereignty. But the combined impact of rapid economic growth and global warming may very well require that we think the unthinkable and agree to fetter our control over our borders and natural resources in the interest of global stability and conflict prevention.

Second, more effective means have to be found to ensure compliance with agreements is reached. Enforcement is the Achilles' heel of international cooperation. With the notable exception of trade agreements, there are few built-in mechanisms in international agreements to extract a price for non-compliance.

The Security Council is struggling to design sanction regimes that will force governments to change their behaviour without imposing unacceptable hardship on entire populations, as was the case with the comprehensive sanctions regime against Iraq. Their efforts have met with limited success so far. Yet, without fair and reliable surveillance and enforcement mechanisms, international agreements will be less effective than they need to be.

Third, funding to support global goals and needs must increase dramatically and be made more secure. Nowadays, funding for everything from peacekeeping to environmental cleanup and humanitarian relief depends on voluntary contributions from states.

Funding for international initiatives competes with national priorities such as health, education, pension plans and much more. Not surprisingly, international needs invariably fall to the bottom of the list.

Can we find more reliable mechanism to support global public goods than ad hoc pledges of contributions which remain all too often unfulfilled? International taxes or levees raise obvious questions, including who collects the funds, who spends them through what mechanisms and for what purpose. But, if not international taxation, what then?

One thing is certain. Very large amounts are needed to fund research into new clean technologies, to help developing countries meet their international obligations whether in matters of global public health or anti-terrorism, to maintain rapid deployment peacekeeping capacities, to invest in natural disaster prevention, to permit adequate inspection of nuclear power plants whose number is likely to increase significantly in the coming decades. And this is to say nothing about the funds required to rebuild war-torn countries and reduce poverty in the global South on which the world's long term stability may very well rest.

Fourth, the efficacy and effectiveness of global institutions must increase. There are now 192 member countries in the United Nations. Reaching agreement among such a large number of

independent and formally equal players is extremely cumbersome, as can be expected. The search for consensus solutions almost guarantees lowest-common-denominator outcomes. Minority views have disproportionate influence and squeaky wheels get more than their share of the grease.

The General Assembly and similar universal bodies must be ready to change their modus operandi and become more nimble if they want to have a real impact on the affairs of the world.

Thanks to its very small size, the Security Council is, in some respects, a much more efficient body. It can reach meaningful decisions fairly quickly on most issues on its agenda. But it suffers from a growing legitimacy deficit, a deficit that cannot be wished away without the much-awaited reform. The search is on for the winning formula that will increase the number of seats and better reflect the growing importance of several countries in world affairs.

Something must be done as well to rationalize the vast network of international organizations whose mandates overlap and to introduce greater coherence in their work. Imagine a government composed of many ministries but without a prime minister and a cabinet to bring all the strands together. The General Assembly and ECOSOC, which are supposed to play that role according to the UN charter, are failing miserably in that function.

The environment area offers a prime example of an excessively fragmented system comprised of several organizations, treaties and funding entities all located in different cities (of course).

Environment is the typical crosscutting issue which cannot be tackled in isolation. Our success in protecting our environment depends on the choices we make in other areas, from agriculture and industry to mining and energy (which, incidentally, has no dedicated global institution). The current patchwork of international institutions discourages every attempt at injecting greater coherence in international environmental strategies.

I also believe changes must be brought to the current institutional arrangements for the conduct of peace operations. The requirement for the UN to deploy and sustain large, complex missions is not a passing phenomenon. No sooner is a mission completed than a new one crops up, and that trend has held pretty steady for nearly fifteen years now. The number of soldiers, police officers and civilians serving in UN peace missions now exceeds 100,000. How much longer will we continue to rely on the beg-and-borrow approach to staffing peace operations?

The only way to improve quality of performance, discipline and timeliness of deployment is to give the UN more reliable access to military resources and more control over selection and training. It is time Member States bite the bullet and invest seriously in a true stand-by facility for the UN.

There is also a need to define more explicitly the role of the other international organisations¬¬– principally NATO, the European Union, the African Union– involved with uniformed personnel in peace operations and their relationship with the United Nations.

NATO in particular still has some ways to go to clarify its doctrine in matters of peace operations. The operation in Afghanistan has revealed fundamental issues of national control over deployed troops which makes a mockery of the principle of solidarity at the heart of the alliance.

Finally, multinational institutions need empowered secretariats that are given the tools they need to do the job, allowed to implement the States' decision without interference and held accountable for the results. Today's practice is far from this ideal.

Fifth, multilateral institutions must connect better with individual citizens in whose names decisions are made and without whose support international governance lacks effectiveness and legitimacy. NGOs, private sector enterprises, trade unions and the like have expertise and knowledge to offer and capacity to deliver on the ground that often exceeds that of governments.

The challenge is to develop forms of engagement that brings these capacities to bear fully. The participation of such groups will help to strengthen the legitimacy of multilateral action. They cannot, however, fulfil the role of the "people's voice" that some of them claim to play because they are themselves not organized to truly represent broad constituencies.

Calls for improved transparency and accountability of international organizations are universal but few have come up with any workable and practical idea to achieve this goal. The EU's experiment in this regard is instructive. Fifty years of institutional evolution designed to build popular support for the Union, including a fully-fledged, directly elected parliament, has not succeeded in building strong citizen support for the Union.

Achieving a modicum of understanding of and support for decisions taken in multilateral institutions is perhaps one of the most daunting challenges ahead.

Many have given up on multilateralism. They argue that issues are better tackled regionally or by voluntary association of like thinkers. Indeed, many issues may best be left to such groupings. But many others simply cannot be managed effectively without the participation of all.

In matters of global threats to public health, drug trafficking or the dumping of hazardous wastes, for instance, we are at the mercy of the weakest link. We are thus condemned to depend on effective global governance tools.

The G8 never saw itself as a substitute for global institutions. On a few issues, the combined economic strength of its members was sufficient to have a decisive influence on the markets or on worldwide practice. But on most other systemic issues it tackled, the power of the G8 rested in its capacity to exercise compelling leadership in competent fora. The question is whether the G8 is still capable of playing such a role in the current context.

Before I go any further, let me make an obvious point: there is an absolute need for what I would call "concerted leadership" in international institutions. The so-called "international community" is an amorphous mass that will not spontaneously come together no matter how urgent the problem or dangerous the threat.

Nobody, least of all the smaller countries, seriously questions the responsibility of the larger, richer, more powerful countries to show the way.

Formal, open processes are not only slow and cumbersome. They are by their very nature highly unlikely to lead to significant agreement in a timely fashion. Visionary schemes, grand bargains, bold reforms– call them what you like– are always hatched in smaller circles before they are promoted with the broader community and success always depends on getting key countries on board.

Few observers today would disagree with the conclusion that the G8 is having less and less impact on world affairs. In the years I spent at the UN, it was hard to detect a specific G8 imprint on most issues, the key exception being on the development assistance and related fronts on which G8 pronouncements were of central importance.

I see two main reasons for this state of affairs. One it that agreement among the members has been impossible to reach on many major issues– the trade round and climate change being two obvious examples.

And the intervention in Iraq is casting a long shadow within the G8 as it has been doing in other fora. American leadership has been weakened even in its most privileged club.

The other reason is the emergence of countries with increasingly significant economic and political clout, countries which are not members of the group. The growing economic and political weight of China, India and a few other countries is altering the dynamics of international relations a little more every day.

The first factor – disagreement among the current G8 members– is not immutable. A different cast of characters could lead to different results. In practice, however, the current policy trends in Russia suggest more disharmony rather than less in the foreseeable future.

The second factor– the new dispensation of economic and political power around the world– is irreversible. To put it bluntly, the days when the West could set a direction and expect the rest of the world to follow are over. That is why I agree with those who say that the G8 in its current configuration is approaching the end of its useful life.

The question then becomes: should it be enlarged to make room for the key emergent countries or are there more promising avenues available?

There are many advantages to a semi-institutionalized, permanent grouping like the G8. In my experience, the prospect of leaders meeting once a year does much to concentrate the minds of bureaucrats everywhere. It energizes negotiations and encourages (though it does not guarantee) follow up. The personal links that are forged among political leaders and their officials are also a real benefit that should not be overlooked.

But if the G8 seeks to make itself more representative by adding new members, it will encounter a new set of problems starting with the choice of countries to add to the group (as a Canadian, I would not want to see any country invited to leave but I recognize this is a distinct possibility).

Only China, India and perhaps Brazil offer a compelling case. Others have more limited assets. For instance, Egypt is highly relevant for security issues, much less so for economic ones. Key African countries will be central players in the race for energy and mineral resources but have little to contribute in other respects. South Korea and Mexico are important trading nations but marginal political players outside their immediate region.

The larger the group, the more diverse the interests and priorities will be. Furthermore, the G8 greatly benefited from the common membership in NATO of all its founding members except Japan and their deep attachment to values of democracy and human rights. In contrast, the newcomers will have competing allegiances– to the AU, to the Rio Group, to the G77 – that they will not relinquish easily and, in many cases, a different hierarchy of values that will make consensus all the more difficult to achieve.

The alternative to a "G8 plus"– G14? G20? – may be multiple groupings formed around specific issues– ad hoc arrangements with variable membership put together for a specific purpose and destined to disappear as the agendas change and needs evolve.

The difficulties of this approach are not to be underestimated. Issue-specific alliances have to be made from scratch every time and they make it more difficult to draw on linkages and trade-offs which are so often a feature of international agreements. How many G8 agreements have been arrived at because of such deals?

Whether we are looking at a revamped, enlarged G8 or at looser arrangements, we cannot expect to see results without inspired leadership from countries that are in a position to win over the support of the rest of the international community.

Managing the challenges of globalization requires a veritable revolution in the way our countries conceive of the public interest. It also demands a leap of imagination to transcend the traditional concepts, vision and inventiveness to design effective strategies, patience and diplomatic skills to forge consensus among countries with disparate interests, courage and leadership to persuade citizens to put global concerns ahead of local priorities.

If our political leaders and our societies can accomplish all this, then surely it will not be so difficult to invent the appropriate global governance arrangements to take us where we want to go.

Thank you.