The global economy isn’t working. No international regulation has so far managed to put to rights the financial markets’ essential malfunctions. Not only is the current crisis of unprecedented magnitude: it is taking place in a global economy where emerging nations play a key part unrelated to their actual involvement in international institutions. The close intertwining of accounting and financial standards, the immediacy of transactions fostered by new technologies, unfair tax rules and labour laws, all lead to confusion: a few temporary winners emerge at the cost of weakening the rest of the planet.

The risk of major worldwide imbalances is at least as great as in the aftermath of World War II. Our forefathers had drawn key lessons from the failure of the League of Nations as well as from earlier attempts to re-organize society at the turn of the 20th century. The United Nations new world order worked for some three quarters of a century. But if the “thing”, as Charles de Gaulle used to call the UN, often proved useful at defusing tensions, it has now become obvious that it reflects an outdated world. How can France and Britain hope to hang on two of the Security Council’s five permanent seats while neither India nor Brazil, Germany or Japan enjoy such a privilege?

The United Nations’ ambit encompassed diplomacy, decolonization, health (with WHO) and, in a more modest way, culture (with UNESCO). Yet the blind spots in the system were finance and social relations. The latter was included by extending within the UN remit the International Labour Organization, born in 1919 after the Versailles Treaty. As to finance, with Europe in full reconstruction, it became necessary to draw the consequences of what John Maynard Keynes, two decades before, had perceptively analysed in The Economic Consequences of the Peace – a book for which he had stormed out of the Versailles negotiations. This led to the creation of the IMF and the World Bank, two institutions which have now reached the limits of their possibilities. China, the world’s prime financier, plays only a marginal role in the system: this does little to foster a higher sense of accountability. Financial imbalances are widespread, countries are thrown into a recessionary spiral with no perspective of relief, and all this while, international regulations are driven by a dangerous short-term outlook. It magnifies crises instead of solving them, and encourages speculation over investment. In short, our world is turned upside down.

Those suffering through the worst financial straits may be tempted, or compelled, to compensate by lowering social policies requirements. We see the victims of such measures all across the globe: employees, business owners, parents who can no longer offer their children proper opportunities; the younger generations themselves, faced with recession, as well as the ever increasing elderly populations, often reduced to poverty. At a time when China aspires to official "market economy" status by 2013, restoring some order and sustainability to the system becomes urgent, if we don’t want to see it self-destruct completely.

Failing to take action will lead us into the twenty-first century looking backwards. It is too great a
risk to take. The longer our world remains mired in successive recessionary spirals, or lost in an orgy of social dumping, the more unacceptable our nations will find the ever-widening inequalities in development, in access to natural resources or to energy. The result will be scapegoating, a slowdown in trade, mass unemployment, local conflicts, unchecked population migrations, border closures, the rise of “providential” leaders – in short fear, misery and war. Nobody wants this to happen: not our governments, not our peoples, not our businesses. Today, the world as a whole is in denial. The anti-globalization extremists may not be providing the right solutions, but they ask the right questions. Rather than simply dismissing their theories, we should strive to offer workable – and compelling – alternatives, fast. The risk here is of being swept away by a tide borne of despair, which no-one, not even the trade unions, will be able to halt.

Is this avoidable, in an increasingly complex and fragmented world? Of course. The rise to power of a progressive government in France, as well as, in the US, the expected re-election of President Obama, may be a sign that our world is still capable of apprehending the twenty-first century with forward momentum.

In 1945 the governments of the victorious nations decided to convene a conference in which the best economists and State representatives from around the world would shape the rules of a balanced new global order. That world order needs to be re-examined and put in a new perspective today. Its financial system is in urgent need of renewal. But the governance of the system also needs to take into account the social dimension, forgotten in the legacy of last century’s multilateral system.

We must be learn from the far-reaching evolution of the G20 summits. These summits provide the actual leverage of the world’s multilateral economic, economic and financial diplomacy, which after Cannes, and especially now Los Cabos, also includes social issues. The signing of the B20-L20 agreement at Cannes in 2011 was the first step towards recognizing a right to social welfare by employers’ and employees’ organisations throughout the world, coming in the wake of the "Social Protection Floor" conceived and well argued by the report President Michelle Bachelet delivered in September 2011.

What is being achieved across the G20 leads the way for a global governance reform giving the social dimension its rightful place. Such a progress will be a powerful factor of peace, cohesion and respect for the human condition. It is now necessary. It can be done.

To accomplish this, we should achieve the "social junction", bottom-up as well as top-down, just as the United States saw over a century ago the junction of the railroads laid from the East and from the West. The "social junction" amounts to redrawing from the top the multilateral system’s integrated governance (political as well as economic and social), while implementing a similar integration at individual countries level – right away.

In mid-April 2012, Egypt was seeking a $ 3.5 billion IMF loan for an ill-defined project, in danger of being torn to pieces by the majority that would accede to power within a few weeks. There was no transparency, no political accountability from either lender or borrower. Nor was there any consultation with the Arab League, the UN, the ILO, even though all IMF loans have not only strong social consequences, but also clear social goals, nor of course with the WTO. In
short, there was no governance for this massive economic intervention in one of the world’s powder kegs, beset with rampant corruption and massive unemployment.

In a properly-functioning "social junction" system, a financial intervention of this magnitude – expected to affect the region’s fragile balance and at risk of being diverted from its original purpose considering the current instability of its beneficiary – would require "double checks", nationally and internationally. The first checks would ensure that the loan was issued to known political forces, in power or likely to be, and the procedure would involve effectively seeking, in a non-binding way, expertise from the country’s major players to ensure economic and social viability. Markets cannot absolve themself from the political context. The second verification should be performed by an alliance of the major operators (mainly the IMF, WB and UNDP) and the major regulators (primarily the UN, ILO and WTO), gathered as a consortium of experts and held to a defined schedule so that the system does not tend to being bogged down.

If we want to avoid the fate of an economic League of Nations for this new governance, each of these two levels should be clearly and identifiably piloted. At individual nations level, the governments should be in charge. At multilateral level, who should be doing the piloting is less clear. Logic dictates that it such an unprecedented setup, the IMF should retain the final say, provided there is no unanimous opposition from the United Nations. In a democratic and transparent system for governance, peace must remain the overarching concern.

Other decisions should be taken to ensure that this governance offers guarantees of efficiency, that it becomes more consistent and inclusive.

Let’s take a first example. This "junction" should also exist within each of the institutions concerned. To illustrate: in 1996, South Korea’s accession to the OECD was made conditional to an amount of social democratization, which remained under review for several years. The growth of Korea has not suffered but its democracy was strengthened. Why shouldn’t such a procedure exist in the WTO? Is it realistic to impose constraints on countries which were not asked similar ones for their admission into the club? Fundamental ILO standards should be required from the start, obviously progressively as well as with qualitative adjustments adapted to specific history, geography or culture – but they should be part of the package for admission. The ILO should also evolve: it should be more of a coach than censor. This applies equally to IMF loans recipients, starting at a defined amount. Formal recognition of the market economy should also be a clear requirement, including its general principles: ownership, free enterprise, transparency, free competition, etc. We can see something of this nature in Argentina today.

Second example. The social partners’ role should also be recognized and underlined. It has been part of the European treaties since 1992: it could become an element of the modernised global governance. The G20 can undoubtedly play a pathfinder role in this regard. It is today perhaps the most trusted guide, balanced, empowering, a force for democracy. And who better than the ILO can become the proper forum for such a dialogue? The ILO, on behalf of its constituents (specifically the 183 member states and their social partners), could quickly establish contacts with the IMF and the World Bank, not only to share economic and social analyses as it does now, but to work on "pilot projects" on a voluntary basis, as proposed by the French social partners in 2010, with support of the French Foreign Ministry, the Ministry of Finance and the Ministry of Labour.
Third example. On topics of shared interest - and there are many - an international organization should not be allowed to work alone. The ILO deploys considerable energy, and matching means, to lead the fight against child labour. But it increasingly does so with voluntary contributions, outside regular budgets, a policy which for instance led WHO to lay off hundreds of people when crisis-hit contributing countries reduced their voluntary contributions. Above all, everyone understands it is no use to prevent children from working (sometimes depriving them of a future job, and their families of much-needed income) if the institutions promoting such policies do not provide an education for the children left to their own devices in the streets, and some financial benefits to their parents (when they" exist "). However, the ILO does not have either the competencies or the economic capacity to ensure this convergence of policies leads to an actual junction. Here again, a consortium is needed, bringing together social policies (with the ILO), economic ones (with a financial institution working through the State or outside it, or through a regional bank), and education (for instance UNICEF, similarly as above). The private sector can act as a facilitator, an accelerator, a partner, and give substance and credibility to this alliance, where possible.

Obviously, the existence of several of players may complicate short-term action, but it ensures both effectiveness and sustainability. These are a condition of long-term economic performance, while ensuring –at long last – a level playing field.

The emphasis should come from the G20, even if the G20 alone doesn’t suffice. If no way is found to give social issues their proper place within the wider global governance, the entire multilateral system is doomed to fail. We must be more ambitious. Today, the G20 may decide to reframe  global governance, even if the UN system needs to support this process.

So exactly must be done? The scope of reform can take two possible dimensions: a grand design and a "small" design, which is already considerable. The grand design would aim to group together key areas of international regulation, extant or future (for instance environmental issues),

so that a major international conference can be held under G20 guidance, with the aim of creating or updating existing international institutions’ governance rules.

Areas covered should include general principles, rules, conflict resolution mechanisms, etc. It is also essential to map out the links between all these. A "small" alternative design would stick to imagining the new shape of social governance and its integration into the current, supposedly stable existing system.

Who should do it? The G20, as a clear meaningful and representative expression of these issues at global level, should pave the way to either the grand or the small design. Having agreed to the objectives, and allowed for enough time to verify the existence of a shared global vision, the UN should get the debate going, with the help of heads of the major international agencies, as well as trade unions and international employers organizations. The G20’s preparatory work during to the run-up to the conference should be as inclusive as possible, and try to involve key non-G20 nations.
When? France, the United States, Australia, an Asian country, South Africa and Brazil, could be the pioneers. The Russian Presidency of the G20 could be the occasion to reconcile two super-states still operating out of deep distrust, and entrust to Russia the task to formalize the G20 proposals.

Between the re-election of Barack Obama and the Russian G20 Presidency, almost a year will elapse. Once the decision is taken at the G20, its members would undertake to organize the launch of the operation at the UN. The UN should set a deadline. Two years seems a realistic schedule.

How? A conference is needed. The time has come for this new International Agreement, certainly closer to Casablanca or Philadelphia than to Bretton Woods in its very magnitude. The threat, so brilliantly identified by Keynes, of grudge-holding, petty jealousies, of lack of economic insight, can be averted. Again, depending on whether we go for the small or great design, things differ. Yet one can imagine that a new Bretton Woods conference could meet in 2014, with an essential agenda to structure the abovementioned project and ensure it does not fail its historic ambition.

To suggest such a project to the G20, support from a group of wise figures, such as Mrs. Robinson, President Clinton, President Mandela, President Lula, could be relevant. If these personalities agreed to discuss and approve a starting document, we then could obtain support from a number of governments, including France and the US, as well as from the B20/L20. The process could then reasonably be initiated and approved in 2013 during the G20 Russian Presidency.

Today, history is, as always, the first obstacle to global governance. The time has come to forget the old ways of thinking, the bunkered worldviews, the dry pre-eminence of experts. Global governance cannot be reduced to a disorder where crises and peoples’ misfortunes fester. Neither can it only be left to a mere international bureaucracy. This governance must arise from a wake-up call; and help us think up tomorrow’s international relations: practical, stable, measurable, based on the cooperation between countries and institutions of good will.