

International Governance at Nova SBE: Center, Program and Project<sup>1</sup>Jorge Braga de Macedo<sup>2</sup>

Let me first apologize because I am not going to just say: “thank you, thank you all, we’re closing”, which is the gold standard of closing remarks.

Instead I will elaborate a little bit on a point which I think is implicit in the title of the report “Globalization and Development”<sup>3</sup>. How does this work? How to you get the engine going? I will submit that it is governance.

Governance broadly speaking and, in particular, governance innovation. I don’t want us to be stuck there at the three levels. Governance at the national level: is it good, is it bad, is it medium? Governance at the regional level: does it exist? All these levels were mentioned in presenting the report: I noticed that even policemen were mentioned!

Since international governance is notoriously slippery, it is quite understandable that you should leave it implicit. I am just making it explicit in a few words and the reason for doing this has a bearing on the report but it also reflects what this School is doing about it so it may also be informative.

I am actually thinking about a particular type of international governance, which involves culture or language<sup>4</sup>. It can be illustrated by a book published a couple of years ago by the Catholic University Press, which was written by two Harvard Business School graduates<sup>5</sup>. They were advisees of Julio Rotemberg (1953-2017), a good friend whose memory I invoke here<sup>6</sup>. With this international source, they came back, revised the essay and moved on to the financial sector. The title of the book mentions *The Portuguese speaking market*. Note the singular. They describe the various Portuguese speaking

<sup>1</sup> [Closing Remarks at Workshop on Globalization and Development](#), June 9 2017. I thank Cátia Batista for her kind invitation. The text was revised during the NBER Summer Institute 2017, where I was able to follow the presentation by Pascual Restrepo of the keynote address of the workshop [Robots and Jobs: Evidence from US Labor Markets](#), his joint paper with [Daron Acemoglu](#). The presentation in Lisbon was delivered via Skype, with a very poor reception, also due to the fact that the author was simultaneously babysitting and recovering from a cold. Fortunately the July presentation, the discussion that followed and the slides Pascual clarified the argument and reinforced my perception that the link with governance and development was tenuous so that the remarks needed no amendment.

<sup>2</sup> Center for Globalization and Governance (CG&G); Lisbon Academy of Science (ACL); Center for International Governance Innovation (CIGI); Royal Academy of Belgium (ARB).

<sup>3</sup> This refers to the World Bank Flagship Report: *Better Neighbors: Toward a Renewal of Economic Integration in Latin America*, with was presented by the team leader Daniel Lederman and discussed by Luís Brites Pereira and Isabel Horta Correia. They are mentioned below as deputy director of CG&G and (implicitly) as a fellow of ACL.

<sup>4</sup> In my remarks as moderator of a panel on “Lusophone Countries: Partnering for Prosperity” at the Horasis Global Meeting, Cascais May 29, 2017, I called Global Lusophonia (GL) an external dimension for the Comunidade dos Países de Língua Portuguesa (CPLP) which might also reflect other intergovernmental culture-based platforms, such as the Commonwealth of Nations, Secretaria General Iberoamericana (SEGIB) or Organisation Mondiale de la Francophonie (OIF), insofar as they: 1. involve governments through diplomats but also national organizations such as central banks and armed forces, cities, business councils, universities and therefore must combine interests and values in political, economic and even spiritual domains; 2. project common views on world problems such as peace and the sustainable development goals. If CPLP is willing to also communicate in English, its views become more relevant to observers, such as Japan or Turkey, who are members of G20, chaired by Germany after China, or of the BRICS, chaired by China after India. Economic and financial differentiation entails the broader geographical domain of CPLP and Portuguese speaking migrant communities scattered across the globe. National differentiation which cuts across history and geography can be grounded on culture-based multilateralism, like the 2006 Bissau declaration on the Millennium Development Goals. This declaration explicitly mentions “mutual knowledge” as a lever, alongside political will and financial clout, for the management of culture-based multilateralism. More at <http://www.jbmacedo.com/papers/GLprimer.pdf>.

<sup>5</sup> João Araújo and José Tenório de Figueiredo, *Strategy for Portuguese-speaking market one vision one strategy one execution*, Lisboa: Universidade Católica Editora, 2014. My endorsement in the back cover dared suggest “A Global Lusophonia Manifesto” as sub title and my remarks at the 26 September launch were titled “Globalization Liberates Lusophonia” ([A globalização liberta a lusofonia](#)), a claim not yet backed by empirical evidence, partly because geographical distance and economic diversity are the striking feature of CPLP, as I argued in [Promoting business across the regional platforms of CPLP](#) an address to the EBCAM meeting in Cascais on 13 November, available at <http://www.jbmacedo.com/papers/ebcam.pdf>

<sup>6</sup> At about the same time, *Monocle*. 2012. “Generation Lusophonia: why Portuguese is the new language of power and trade.” 6, p. 58 ff. stated that “the rest of the world would benefit from a bit of Lusophilia”. *Monocle*. 2017. “Special Relationship Portugal x Monocle: A 64-page Report.” 11, p.101 ff deepened and widened the previous analysis.

countries, provide some comparisons with Spain in Latin America (Julio was born in Buenos Aires), they interviewed many people and Julio of course made it look attractive (otherwise they would not graduate!)<sup>7</sup>.

The book raises the possibility of taking seriously what I call culture based multilateralism<sup>8</sup>. Fortunately, it is not the only such case. We have the Iberian Secretariat, the Francophonie. Even the Commonwealth, to some extent, could represent culture based multilateralism even though as you know the US is not part of it so one wonders how that could play<sup>9</sup>.

*The Portuguese speaking market* covers the Community of Portuguese speaking Countries (CPLP), with nine member states<sup>10</sup>. But interestingly there are observers in this group that are members of the G20, aside from Brazil who is course a full member. I am talking about Turkey I am talking about Japan. And here you immediately see that this entity, made up of countries that are far apart, has more gravity than would be apparent in trade flows<sup>11</sup>. Trade gravity is important but there are other forms of gravity.

Because of our great poet Camoes, we can call this spiritual gravity: “entre gente remota edificaram/Novo Reino, que tanto sublimaram”. The translation into English is so awful I will spare it to you but the word “sublimate”<sup>12</sup> is not there and they interpret “remote people” as the need for brute force<sup>13</sup>. Anyway those are cultures we live with<sup>14</sup>.

<sup>7</sup> I had already evoked him in the *GL Primer* quoted in note 4 above.

<sup>8</sup> The reality of culture-based multilateralism within CPLP has therefore been less salient in the usual areas of language and trade than in defense and finance. This need not be reflected in the existence of regular Ministerial Meetings since those on Culture or Science and Technology started well before those on the Economy or Energy, which were inaugurated in May, 2015 see *Writing to Queens as Crises Proceed, In memory of Manuel Jacinto Nunes*, CG&G and IICT which is now part of ULisboa, p. 108. Economic potential and cultural legacy will become complementary insofar as CPLP members are open to their neighboring integration areas, India and China, where the Macau Forum has become a relevant vehicle for trade and investment promotion. This has not yet been achieved but “silo busting” within organizations and nations has had concrete results in various fields Tett, Gillian 2015. *The Silo Effect: The Peril of Expertise and the Promise of Breaking Down Barriers*. New York, NY: Simon and Schuster. See *GL primer*.

<sup>9</sup> Spain drives SEGIB but Argentina, Brazil and Mexico are G20 members and the same pattern is found in OIF, with Canada and France in G20. The UK, with Australia, Canada, India and South Africa also in G20, may drive the Commonwealth but the US is indifferent. CPLP, driven by Brazil, the only indigenous monarchy in the Western Hemisphere, remains a genuine product of the first wave of globalization

<sup>10</sup> Cooperation between Portugal and its former African colonies began in two unlikely areas, defense and finance. Ministers of Finance and central Bank Governors had since 1990 meetings convened by Banco de Portugal at the margin of those of the Bretton-Woods institutions. This practice of the so-called Afro-Ecofin was revived in 2014 after exit from the adjustment program. The annual meetings were gradually joined by Brazil, while East Timor and Equatorial Guinea joined immediately, see “Lisbon meetings and global lusophonia rising”, *25 years of Cooperation among Central Banks*, Banco de Portugal, pp. 82-84 (<http://www.jbmacedo.com/lisbon25y.pdf>) notes that this was helped by their recognition as a region for the purposes of European development cooperation, during the first presidency of the European Council in 1992.

<sup>11</sup> Progress on trade has been very slow, in part because trade between CPLP members and their neighbors is very constrained, with the exception of Portugal. Nevertheless, improved business environments and better governance should sustain economic recovery across the other regions of integration of CPLP members: ECOWAS (Cape Verde and Guinea-Bissau, ECAS (Equatorial Guinea and São Tome e Príncipe), SADC (Angola and Mozambique), ASEAN (East Timor as observer) and Mercosul (Brazil). In addition, the Portuguese business community, under pressure to export after the global financial crisis of 2008, began to look at the opportunities offered by combining Portuguese speaking and other European markets. The greater openness and competitiveness of the national economy in knowledge-intensive activities should be anchored in the reform of public administration, which has been slow and uneven as I argue in *Reform complementarity and policy coordination in Europe: a view from Portugal*, CIGI Paper # 132, June 2017. Nevertheless, the Portuguese idea of Europe goes beyond economics, as is evident from the multiple allegiances of its citizens mentioned in the CIGI Paper just quoted. Like EU and CPLP, such idea includes finance, defense, science and technology, as well as culture. The Portuguese vision differs from other national visions, in particular in terms of the salience of neighbourhoods, although the globalization of Europe is now shared across the membership.

<sup>12</sup> At the time the verb described the direct transformation from the solid to the gaseous state without becoming a liquid, but now it seems that “sublimate” can be used.

<sup>13</sup> The second half of the first stanza reads “Em perigos e guerras esforçados / Mais do que prometia a força humana, /E entre gente remota edificaram / Novo Reino, que tanto sublimaram”. Among the eight translations listed in Wikisource, the second (by William Julius Milke, dated 1776) translates as “with prowess more than human forc’d their way / to the fair kingdom of the rising day”. Instead the eighth (by Richard Francis Burton, dated 1880) translates as “and in the regions of a distant race, rear’d a new throne so haught in Pride of Place”. As mentioned in the GL primer quoted in note 4, even in French has trouble capturing this sublimation, because it adds “them alone”: “Et, parmi ces peuples lointains, ils édifiaient/ Ce nouveau royaume qu’eux seuls sublimèrent”. The stanza is identical in Spanish however.

<sup>14</sup> CPLP has a Business Council reflecting the strategies for open economy of member states through business organizations such as ELO, a business association established in 1988 which is now part of CIP, the confederation of Portuguese enterprises. In this way, CPLP can drive Portugal’s

So let me give you very quickly three examples: Center, Program and Project as promised.

One is a center called center for globalization and governance. Again it is very concerned about development but it throws in the governance to make the stake. We are even planning at the moment a course in executive education around that topic<sup>15</sup>. Exactly the world is not flat what you say in your report and even if there seems to be a backlash in globalization, distance still matters, location matters but in an open way. This center was established in an interesting way that might amuse you by an agreement between the ministry of finance and the rector of this university not the one who was here this morning but four or five rectors before him. So it is an ancient center and it was called that way. I must tell all here: it was not called Center for Globalization and Governance until February 2008! Luis and I are very proud that it was February as opposed to October or December because by then there were about one hundred such centers for globalization and governance throughout the world.

The second example is a Ph. D. program, so now we're talking about education advanced education which tries to attract biologists and managers so as to make the biologists think about patents and make the managers think about knowledge. It is actually called Tropical Knowledge and Management. Here the charming staff, not just you, everybody, call it TropiKMan. I find this a little bothersome because "man" could sound opposed to "woman" whereas it is but an abbreviation of "management". It may come as more difficult for some economists than for others but the program has gone very well. It has been financed by the Portuguese government and we do not know about its sustainability but it is working!<sup>16</sup>

And last but not least, the project where we are associating several universities at the Lisbon Academy of Science. There is here only one other person besides me who knows what it is and the key point is you have to deal not just with fellow economists but with other people from the social sciences and, God forbid, from physics, biology and so on. And the way we have working together which is actually quite exciting involves writing a letter to a fictional Portuguese-speaking Queen!

You all know that when the crisis came in September 2008 shortly thereafter the queen visited the new building at LSE and was briefed on the crisis. She asked if these things were so huge (I think that was the exact term) how come nobody noticed? And it was actually an Iberian economist who replied well everybody was focusing on their thing and well...the British Academy (which does not have members from the natural sciences) wrote shortly thereafter a Letter to the Queen which essentially said "It wasn't our fault Ma'am"<sup>17</sup>. So now we're now writing a letter with two major differences and I think they will be of interest to you. First we introduce natural sciences the British Academy has no natural sciences this one does hence the biology and physics types. But most important the Letter to Queen Elizabeth mentioned only one country (besides the UK, after all she is the Queen of England!) and this was the US plus a footnote about India and China because they provided savings...need I say more?

In the draft letter we focus on Portuguese speaking countries, Brazil in particular there's a Brazilian economist two Angolan economists in the project dubbed *Letter to Queen Lusophonia*. Please don't laugh! Nobody laughed, I'm done and we can go!

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strategy for open economy in energy and natural resources; communications and public works; financial services; maritime business; agriculture; tourism, education, health.

<sup>15</sup> Tentative workshop to be given in Portuguese to the funders of the new campus by Joe Santos, INSEAD and associated with CG&G since 2012, and myself under the title "Governing nations and firms under insecure globalization".

<sup>16</sup> There is a summary in the RUFORUM Repository

<sup>17</sup> A draft "Letter to Queen Lusophonia on the crises proceeding since 2008" is published in Portuguese in *Nova SBE Working Paper* # 611, June 2017. The research project carried out by ACL, CG&G and the Tropical Research Institute (part of the University of Lisbon since 2015) is summarized as deconstructing the points in the Letters to Queen Elizabeth written by the British Academy in 2009 and 2010 and those written to a fictional Portuguese-speaking Queen, taking into account the 2015 edition of *Writing to Queens while Crises Proceed*, dedicated to the memory of Jacinto Nunes (1926-2014), former dean of the economics section. The *Working Paper* includes a second text written in 2014 to update a presentation at ACL on Global Lusophonia, signaling greater awareness of the complementarity between economic potential and cultural legacy in the Community of Portuguese-speaking Countries (CPLP) insofar as its members, observers and their areas of economic integration encompass the globe. Evidence is provided from the Strategic Council for Open Economy and Energy@CPLP, as described in the 2015 edition of *Writing to Queens*.

Queen Lusophonia thanks you because of your spiritual understanding of lusophonia even though I spoke in English!