Keynote speech on *Interdependence and responsibility*

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Good morning, ladies and gentlemen,

Let me begin by thanking the World Savings and Retail Banking Institution for inviting me to give this speech today. It is a great honour to be here. I would also like to congratulate Isidro Fainé on his appointment as WSBI President.

As you know, I am from Spain and I am a convinced Europeanist. My public life has been that of a global citizen. Therefore, it is an absolute pleasure for me to participate in an event with such a thought-provoking title. I believe we should reflect more often about the issues that affect our planet as a whole. If you allow me, I will share with you my reflections about how I see the world today. These reflections orbit around two key concepts: interdependence and responsibility.

It is an even greater pleasure to present my views in a city like New Delhi. This is the capital of a country that harbours enormous potential. A country that is not emerging, but re-emerging. As you all know, India was the wealthiest country in the world for many centuries. In 1492, Cristopher Columbus set sail from Spain in search for a Western route to India. He didn’t find it, but he altered the course of history forever. For a long time, that didn’t really work in India’s favour. After leaving centuries of foreign domination behind, India is reclaiming its past status. As a sovereign country, India has made outstanding economic and social progress. This country’s contributions to reducing world poverty and global inequality have been nothing short of extraordinary.

In 2009, the late Swedish physician Hans Rosling came to India and gave a phenomenal talk. He predicted that in the year 2048—101 years after India’s independence—India’s per capita income would match those of the UK and the US. Let me repeat that, because it’s very remarkable. Rosling said that the citizens of India were on track to become as wealthy as the Americans and the British before the mid-point of the century.

Perhaps Rosling’s prediction was overly optimistic. It is extremely hard to make projections, and we cannot assume that current trends will simply last forever. Many things could go wrong. Conflict, which has historically been the biggest obstacle of human progress, may reoccur. Inequality within India may reach unsustainable levels and lead to social unrest. And climate change may take a huge toll on India’s agricultural productivity, generating millions of displaced. In fact, rising temperatures are not a problem of the future, as many Indians today can already confirm.

We cannot turn a blind eye on these issues. But rest assured, ladies and gentlemen: I’m not here to give a pessimistic talk. That’s not my style. But I am not a naïve optimist either. Just like Hans Rosling,
I think of myself as a “possibilist”, perhaps because of my scientific background. And if history since the Age of Enlightenment has taught us anything, it is that betting on the world getting better and better is quite safe. Even more so since the end of World War II.

What has contributed to that? A process that the West increasingly disdains, but that most of the world still treasures: globalization. The world has changed radically since India claimed independence in 1947. Here’s a paradox: while the decolonization process was taking place, the second great wave of globalization was advancing. In other words, many countries claimed independence in a world of increasing interdependence. And then, some of these countries, like India, ended up finding themselves among the biggest beneficiaries of globalization.

Today, we – the citizens of the world – are connected through millions of invisible strands. But the forces that unite us and that have brought progress have also created new dangers. And so, in this state of interdependence, we are on a constant search: the search for responsibility.

As interdependence grows, so must responsibility. One can not come without the other: it would lead to disaster and chaos.

Today, I will try to address how the traditional notion of responsibility was constructed, and how this notion interacts with contemporary global needs. Then, I will turn to the crux of the issue. I will ask: how should we construct responsibility in order to tackle the challenges we face nowadays?

**THE WORLD WE LIVE IN TODAY: INCREASED INTERDEPENDENCE REQUIRES MORE RESPONSIBILITY**

The raw state of affairs is the following: Today, we are still formally divided by state borders. These borders were the defining elements in the traditional Westphalian order that originated back in 1648. For a long time, Max Weber seemed infallible. His definition of the state as holding the monopoly of the legitimate use of physical force within a given territory held true.

But circumstances have clearly changed. Weber would no longer recognize the world today. Spheres of power are no longer so neatly organized. And I think that’s for the best.

Globalization has penetrated the state. Barriers and perceptions have crumbled. The very nature of the state has changed, beyond recognition of the Westphalian founding fathers.

The forces of the global economy permeate every single border on this planet. 10 years ago, the collapse of Lehman Brothers showed clearly and painfully that no country is completely isolated from
the rest. Lehman’s collapse did not just cause ripples: it caused tsunamis, which hit the shores of every country on earth.

Today, some are claiming globalization is in retreat. I believe this is neither desirable, nor likely. Globalization has brought us great progress.

It has also turned our world from a collection of monolithic states to a fast-moving and dense web of interdependent actors. We are all nodes, in this huge net. And everything we do – or do not do – percolates throughout the entire net. This is the condition of interdependence, which some say took us by surprise on the eve of the global financial and economic crisis.

To me, it is crystal clear: when interdependence is so high, and any action or inaction has immediate effects across the globe, there is only one way to maintain stability and prosperity. That is for states and all actors to assume their full global responsibility. This is not a choice. It is a necessity.

**UNCOOPERATIVE RHETORIC, BUT INTERDEPENDENT REALITY**

There can be no doubt that states need to take up active and responsible roles. And yet, some leaders behave as if each country were still a block acting on its own. In seeking to put their own countries’ interests first, these leaders forsake shared commitments and undermine multilateralism.

I never claimed that we had reached the end of history. But perhaps I was wrong to think that we had learned most of the lessons from history. Having just commemorated the 100th anniversary of the armistice that ended the First World War, I find that thought particularly troubling.

Of course, we must always be careful not to draw historical parallels lightly. But it seems to me that the world is, once again, on a dangerous and uncooperative path. In his recent speech at the United Nations General Assembly, the President of the world’s top power made it clear that he has no interest in resolving any of our shared problems. Unfortunately, he is not alone.

In the same setting, four years ago, his predecessor Barack Obama took the stand and called for collective responsibility. He identified two main and immediate threats to the stability of world order: the resurgence of great power strife, and the cancer of extremism. President Trump is not doing much to address these two problems.

In the United States, nativists are feeling emboldened by President Trump’s rhetoric. Moreover, the Administration is trying to disguise its tax cuts for the wealthy by picking up fights with other countries.
Take the relations between the world’s two biggest powers, the US and China, which are souring due to trade frictions. Instead of managing the disagreements through existing multilateral institutions, like the WTO, the US and China are playing a game of chicken that will ultimately benefit neither country.

The WTO, which is edging closer and closer to institutional paralysis, may end up becoming collateral damage. I need not remind you that the consequences would be dire. India became one of the 23 founding parties of the GATT only two months after its independence. Therefore, this country is well aware of how much we owe multilateral trade instruments for the increase in our prosperity.

India also had a seat at the table during our collective efforts to manage the 2008 crisis. Back then, the world’s richest countries realized that they could no longer neglect the voices of emerging actors. Thus, we infused the G20 with fresh momentum, and committed ourselves to resist all forms of protectionism.

Unfortunately, that commitment has turned out to be short-lived. Last year, the G20 dropped its pledge to renounce protectionism, pressured by the Trump administration. But rhetoric aside, “facts are stubborn things”, as President John Adams once said. And in the 21st century, interdependence is one stubborn fact.

When the US imposes tariffs on China in order to force its hand, the US suffers from the consequences as well. Even more so in the age of global value chains, in which production is dispersed across different countries. Picking fights is very costly – more than ever.

THE SEARCH FOR GLOBAL LEADERSHIP AND RESPONSIBILITY

When confronted with this reality, many leaders are seldom behaving responsibly. They do not behave responsibly towards their own citizens, let alone towards the rest of the world.

A responsible leader is someone who acknowledges that humanity shares a thirst for global public goods. International security, for instance, can be considered a global public good. So can climate change mitigation.

Within national borders, governments are appointed to provide public goods. But at the global level, there is no global government to provide them. Therefore, we need a system of collective responsibility. As we share our problems, we must share the solutions.

In centuries and decades before, it was easier to identify the locus of responsibility. In the 19th century,
*pax Britannica* reigned. The UK, the grand empire, was there to ensure order. In the next century, the US took off and took over.

Not only that. These superpowers constructed a specific world order. As Hedley Bull remarked, world order does not naturally produce itself: someone does. Up to now, the hegemon used its power to build a system of rules.

After the destruction brought by two world wars, the world gathered to build an architecture to keep the peace and maintain global stability. This blueprint for global governance included structures such as the Bretton Woods institutions and the UN.

Perhaps most importantly, states started to become accustomed to a certain way of solving problems. The brute military conquests of centuries before were slowly relinquished to the past. Multilateral dialogues became an important part of the process.

Nowadays, however, the institutions have gone stale. New poles of power have emerged. We live in an age of multipolarity. And multipolarity is the antipode of global hegemony. This has important consequences. The existing institutions of global governance have petrified a power structure which is no longer adapted to today’s realities.

The conclusion is clear: the multilateral order of the past is broken. The question is whether it will suffice to adapt what is left of the order. However, I believe in common sense. And clearly, no one in their right mind would jump into a vacuum. Blowing up the system or neglecting it entirely is not the solution.

As John F. Kennedy once noted, the key to peace and progress lies not in “a sudden revolution in human nature but on a gradual evolution in human institutions.” This gradual, but far-reaching evolution is what we need for our international system. Peace, in Kennedy’s eyes, was a process, a way of solving problems. Despite all of our difficulties today, we cannot neglect this process.

**A WIDESPREAD SENSE OF EXHAUSTION**

Peace is under threat today in many parts of the world – most notably in the Middle East. Allow me to inject a short comment here, from my personal experience. As you may know, I worked intensively in the Middle East in the past, and remain a deeply engaged observer now. Today, I can safely say that one of the most unsettling features of the current situation in the region is that there are no good options. Regrettably, the options for tackling the problems in the Middle East range from bad to worse.
In addition, the US and its people are war-sick after Iraq and Afghanistan. In general, *pax americana* is becoming too heavy to bear. It is time to share burdens and responsibility.

But we’re seeing a widespread state of exhaustion. It is not only the United States that is tired. The middle classes, which have always formed the powerhouses of our Western democracies, are struggling in the aftermath of a severe economic crisis.

It has become cliché to say that globalization generates winners and losers, and that the losers have put populists like Donald Trump and Jair Bolsonaro in office. That view is too simplistic. But the premise – which is that trade generates distributional conflicts – is absolutely true. Actually, it is as true now as it was in the United Kingdom of the early 19th century – the times of David Ricardo.

Globalization has to become more inclusive. That is one of the mantras of this Congress – and one I totally agree with. According to the great Amartya Sen, globalization “has enriched the world scientifically and culturally, and benefited many people economically as well”. But Sen warns us that this will not be enough to assuage those who are left behind.

In Sen’s words, “there are important issues of equity and fairness that have to be addressed by each country and also by the global community ... What is needed is the fair production of gigantic opportunities, potentially offered by economic as well as scientific globalization.”

In short: figuring out how to correct inequality within countries has to be one of the top priorities of those who – like me – believe in open markets and free trade. Otherwise, globalization is at risk of planting the seeds of its own demise.

**SCANNING THE OPTIONS**

With all this widespread weariness, and with the processes we have in place to maintain peace and stability moving past their expiration date, we have to ask ourselves: who is going to take responsibility? Throughout the last decade, the EU has been rather self-absorbed. For several years, the economic crisis almost became the only priority. Then came the refugee crisis, and then *Brexit* topped it all off.

Many observers criticized the EU for launching its Global Strategy for European Security right after the *Brexit* referendum. These observers argue that we should focus on solving our own problems. They argue that now is not the best time to elaborate a vision that assumes that all Europeans are united by common interests. However, we cannot remain stuck in a self-centered narrative. As the Global Strategy clearly declares, cooperation is no longer a question of principle; it is
an existential imperative.

That is true for Europe, and true for the rest of the world. Other countries are rising, and they have to decide if they want to become “responsible stakeholders”, as Robert Zoellick once put it.

China has emerged – or rather, re-emerged – within the frameworks created by the West. Today, the West needs to do a better job at integrating China within the structures of multilateral governance. For its part, China needs to do a better job at forging international commitments and upholding global norms. Otherwise, there will be a heightened risk of falling into the so-called Thucydides trap, whereby the rise of China and the relative decline of the US would lead to conflict.

We can still prevent this scenario from unfolding, as long as the US and China manage to build enough strategic trust. Moreover, interdependence certainly helps. Some speak of a “mutually assured economic destruction” as a powerful deterrent – and I believe they’re right.

The world is undergoing a profound reconfiguration, and we are past the point of no return. The question is what lies ahead. For the world to follow the path of integration and order, the West must be willing to give countries like India a space that reflects their economic weight. There is only one alternative: following the path of fragmentation and disorder.

**THE 2030 AGENDA**

That dangerous alternative path is antithetical to the efforts we have made to solve our shared problems. In 2015, the United Nations adopted the 2030 Agenda, which included 17 ambitious goals that applied to rich and poor countries alike. Actually, this distinction is becoming increasingly irrelevant. Not because we have succeeded at eradicating poverty – in fact, that’s goal number 1 of the 2030 Agenda. But because binary distinctions are no longer valid in today’s complex world, and we have to acknowledge that we’re all in the same boat.

For the 2030 Agenda to succeed, we need countries to stay focused. But not only that. We also need all social actors, including private companies, to stay focused. That is precisely the last goal on the 2030 Agenda, which calls for revitalizing a global partnership for sustainable development.

**WHAT SAVINGS AND RETAIL BANKS CAN DO**

Companies have a social responsibility that philanthropy alone cannot fulfil. All private actors must internalize fair and sustainable practices, and apply them throughout the entire range of their activities.
Not only out of generosity, but because no private actor operates in a vacuum. We all share an interest in society getting better, and the pie getting bigger.

Banking, for example, is a sector that needs to become more responsive to people’s needs. In the wake of the financial crisis, banks became widely associated with destabilizing activities. Many banks were at fault, as they cheated their clients and took excessive risks. They exploited a lack of proper public regulation.

But not all banks are the same – nor could society function without them. The financial sector is the circulatory system of the economy. Retail banking, in particular, makes sure capital does not only stay in the hands of a few large corporations. As the main financers of the local economy, savings and retail banks enable our economies to resist oligopolistic pressures.

Savings and retail banks serve as gateways to the global economy. In this capacity, they have an enormous responsibility. They must be the face of the banking sector – a sector that people automatically associate with globalization. Thus, any instance of carelessness and insufficient transparency can end up being socially costly and having a global impact.

Savings and retail banks must have a face, and they must also look citizens in the face. They must listen to their problems. They must take into account their individual circumstances. They must show flexibility when needed. And they must never forget that being in a position of power does not come with a blank check. Many of them are already doing all of these things.

Let me be clear once again: I’m not talking only about generosity. The reality is that we are all interested in fostering a healthy, inclusive and open economy. Progress feeds progress, and good business is good for business.

**CONCLUSION**

Ladies and gentlemen,

I would like to conclude with something I have been reflecting on for a while now.

Looking at the crises around us today, and the actions and inactions of states, I feel the world is on an impossible path. That is not because leaders behave irrationally – at least, not according to their own interests. It is because their rational personal calculus too often translates into irrational state behaviour. As a result, many states find themselves trying to square the circle. These states seem to be acting as if we could return to the age of the balance of powers. But there is
no returning to that world. That door is closed, that world does not exist. Today, although they are often battered and in need of renovation, there are international norms and institutions that guide our actions. One hundred ninety three countries have signed one universal Charter. These norms and institutions shape our world.

Moreover, there are ties between all of us that no one can break loose from. This is the condition of interdependence. The return to the dynamics of great powers is thus conditioned by globalization and its effects. They have – or should have – an impact on every single calculation we make. In this context, we cannot remain egoistic and oblivious. Taking up responsibility is quite simply imperative.

We must, then, move forward and not back. We must keep adapting, to confront the problems of today – rather than looking back, nostalgically, at the models of the past.

Let me draw, clearly, the path forward. We face a paradox today: our states are weakened, or at the very least more porous, due to globalization. But at the same time, as I have said, globalization and interdependence require those same states to take up more responsibility.

There is only one way forward to move past this contradiction: that is global cooperation. And this can only be achieved if each and every state consciously accepts their context and assumes their global responsibility.

But there is more: in this multipolar age, making progress in global cooperation requires a new mindset. No one power can impose their singular principles or modus operandi. If we want to move forward collectively, we must defend our principles while respecting and understanding others’. All of this while keeping our shared interests strongly in mind.

Constructing and leading responsibility is not easy – to say the very least. But with commitment and imagination, we have found solutions in the past. And I am sure we can do so again.

Here in particular, I am convinced that India has an extremely important role to play. India is a re-emerging country, the world’s largest democracy, and soon will be the most populous country on Earth. It is an old civilization that suffered from the darkest side of global interconnectivity – colonialism. But more recently, this country has enjoyed the many benefits that lie in constructive global engagement.

India is moving up on the value chain. Think of the booming IT industry in India. Think of the programmers working at great companies all around the world – how many of them are Indian?

This country has a vast internal market, but there’s nothing preventing you from competing successfully
in the international market as well.

India in a unique position to shape global events in the decades to come. The world will be looking at you and asking questions. You have to make sure you get your answers ready.

To conclude: the picture I have painted here may at times seem grim, and the homework I have assigned heavy. But, as I said before, I am a “possibilist”, and I know that interdependence offers both challenges and opportunities.

As each one of us is a node in this networked world, we must all think globally. We must gaze far beyond our own borders, out over the entire gleaming web where actions spread in the blink of an eye – and we must act accordingly. That is, we must act responsibly.

Globalization has brought us much progress. It is thus high time to forgo archaic mindsets of short-term self-interest. Only by cooperating and governing in a responsible manner can we realize our full potential – and forge a more promising future for all.