Reconceptualising Transnational Governance: Making Global institutions Fit for Purpose

Context and Reasoning

Seán Cleary, FutureWorld Foundation, with inputs from:
  Erik Voeten, Georgetown University, USA
  Sergey Kulik, Igor Yurgens, Institute for Contemporary Development, Russia
  Wang Wen, Renmin University of China, People’s Republic of China
  Pratap Bhanu Mehta, Srinath Raghavan. Centre for Policy Research, India
  Fernando Blumenschein and Diego Navarro, Fundação Getúlio Vargas, Brazil

Although our present institutions often do not enable transnational collective action to protect the global commons and advance human welfare sustainably, we must achieve these ends. We propose an international endeavour, initiated by the G20, building on the Paris Agreement on Climate Change and the 2030 Agenda for Sustainable Development, to clarify our objectives, define our priorities, and reach agreement on effective means, and the scales at which these will be implemented.

Challenge

To address systemic global risks and protect the global commons, we must manage transnational challenges effectively. The tension between the pressures on national leaders from their citizens, and the trade-offs needed to balance costs and benefits in inter-national and inter-temporal transactions, makes collective action difficult, and has undermined trust in governments and other institutions. Recent events – from the global recession, through geopolitical clashes, forced migration and domestic instability, to the risk of inflection points in transgressing planetary boundaries – show the inadequacy of present instruments.

The complexity of the adaptive ecosystem in which we are embedded, and the global economic and social systems we have created, cannot be managed comprehensively. Human society is a complex system that cannot be collectively controlled. It is a core component of the biosphere, a more complex, adaptive system with the potential for disastrous unintended consequences. The effects on societies of adaptive change in the biosphere were a source of concern for millennia. Today aggregate human behaviour is destabilizing the biosphere. Limiting this damage and the risks it poses to humanity is imperative, but the divergent views of national polities have led to clashes, and frustrate collective action.

Proposal

To grapple with these challenges, we identified five elements of a Global Agenda: The first three are challenges whose management is essential for survival; the last two are enablers for success.

Global Agenda

Challenges

  • Delivering environmentally and socially sustainable economic growth – for without this, we cannot achieve anything else
  • Reducing poverty and improving equity – because exceptional prosperity for the few at the expense of the many is neither morally justifiable nor politically sustainable
  • Addressing the sources of global and national vulnerability, and promoting security – for security underpins both community and progress
Essential enablers

- Sharing the norms and values that enable global coexistence, and working to respect cultural differences – because respect for core values and universal norms allows us to live in harmony, while appreciation of cultural diversity enriches our understanding; and

- Improving the quality of global governance and global institutions – for the important challenges of a highly-connected world cannot otherwise be resolved.

We need a normative framework to address these challenges.

If respecting planetary boundaries requires new models of growth, we need (i) an ethos that legitimizes restraints on carbon emissions and excessive consumption; and (ii) new development models that enable human progress and poverty reduction despite reductions of production, trade, transportation, and distribution.

If security is to be enhanced, and systemic risks mitigated, we need (i) better understanding of the complex social, economic and technological systems we have built, and the ecosystems in which we are embedded; and (ii) broader agreement on the norms we shall employ to mitigate risk and enhance security and sustainability.

We thus need to understand the worldviews of leading state actors, specifically their sense of their interests, and the values they employ in determining these.

FutureWorld Foundation has commissioned, over five years, a research series on the Global Agenda, employing teams from leading African, Asian, European, Latin American and U.S. think tanks. An identical, open-ended mandate was given to each national cluster:

To develop core, actionable proposals, and to make explicit the values and norms that underpin its recommendations, to allow us to identify the perspectives, values and norms held in common across all cultural clusters, and those that diverge.

Respect for those values that are core to human nature, and adherence to norms that enjoy widespread acceptance across states and civilizations, allow us to live in harmony on one planet; while appreciation of cultural diversity enriches our understanding of what it means to be human, and allows us to draw on deeper sources of insight.

Many underlying values – security, dignity, opportunity, justice, equity, reciprocity and sustainability – appear well represented in all cultural canons. All societies discourage behaviour that damages social harmony, while bravery and empathy are almost universally promoted. Likewise respect for the ecosystem promotes individual fitness and social advantage. But emphasising what is common, can conceal what is different, and lead to illusions of identity that misrepresent reality.

International and transcultural harmony requires collective agreement on what is essential and advantageous for all, while respecting the particularities of experience, perspective and belief that arise from our complex ecology. We must recognise both the communality of humanity, and its different forms in diverse geographical and cultural-historical contexts. The question, for purposes of policy, is how to address this polymorphic reality.
Complex modern societies, characterised by specialisation, division of labour and social coordination, emerged through adaptation in different environments, based on the capacity and disposition of people to cooperate when influenced by political instruments. The norms underpinning each polity may be similar at higher levels of abstraction, but are not identical. Actions by states, based on their governments’ perceptions of the national interest, and the military, economic, political and cultural capacity that constitute each state’s power, influence their behaviour and determine outcomes in interstate relations. The role of norms in constituting a sense of national identity and purpose, and in constraining the naked pursuit of national interest is not constant. Likewise, the extent to which particular norms have permeated national societies is always uncertain until empirically determined.

Adherence to norms promotes coherent behavior within a group, allowing members to predict the responses of others. Reference to universally accepted norms within the global system promotes acceptance of each state actor by others, while flouting them results in criticism, and, in more serious cases, sanctions. Hedley Bull observed that a global society must comprise: ‘. . . a group of states, conscious of . . . common interests and common values . . . conceiv[ing] themselves to be bound by a common set of rules in their relations to one another.’

This does not require identical national interests, or societal values. It requires states to recognise a certain quantum of common interests and values that justify subordinating national discretion on occasion for superior purposes. It does not require nations to abandon their cultures, or states to abnegate national interests. It does require that states recognise that the exclusive pursuit of their national interests, without reference to those of others, can be deleterious to human welfare.

Efforts to create comprehensive politico-economic orders usually follow major wars. Those at Bretton Woods and San Francisco after WWII, created the core of our global architecture. But the world has changed greatly since 1945, firstly by expansion of the inter-state system through decolonization, and secondly through globalization since the 1990s. Today, the putative global society is characterized by profound, multivariate asymmetry between the scale and depth of a highly integrated global economy, the absence of a commensurate sense of global community, and the defective state of the global polity. This asymmetry causes weak economic governance, economic and social volatility, normative clashes, and social and geopolitical turbulence.

A review of the positions of the U.S., Russia, China and India on the state of global governance, and an assessment of circumstances in Latin America, makes the diversity of perspectives clear.

- The United States sees itself as dominant in security terms, but isolated in international organizations, inhabiting a global institutional landscape that no longer favours it; leading to domestic opposition to delegation of authority to supranational institutions.
- The Russian government dislikes the current world order but has offered no alternative structure or blueprint for reform, although some policy institutions advocate a bipolar model, founded on the U.S. and China, with Russia partnering China to counterbalance the West, to promote stability and better understanding between the camps in an interdependent world, with better global governance.
- China sees the need for an open, inclusive and multipolar world, defined by innovative
policies reflecting the interconnectedness and complementarity of states at different stages of development. The global financial crisis has convinced it that the West’s mode of economic development will not deliver the structural economic transformation needed for sustainable development, and persuaded it that its own growth experience since 1979, the scale of its foreign exchange reserves, and its investment in complementary IFIs and transnational development programs, permit it to advance a new mode of sustainable economic development through the G20.\textsuperscript{x}\textsuperscript{i}

- **India** is constrained by its domestic developmental imperatives and its continuing nation- and state-building priorities, but aspires to continuing rapid growth, national consolidation and social development. As a political child of the European Enlightenment, it respects a world order premised on the rule of law and human rights, but seeks greater representation in global institutions, and an ability to affect outcomes. While focused on securing its national interests, it will advance prudently by balancing its needs and objectives.\textsuperscript{x}\textsuperscript{ii}

- **Latin America** still comprises divided societies whose social characteristics predispose them to divergent policies prioritising economic orthodoxy on the one hand, and populist, heterodox efforts to reduce inequality and expand opportunity for the underprivileged on the other. Its regional organizations have not bridged this policy divide, but birthed a new group of partisan institutions committed to coordinating these divergent paths. Institutional deepening and growing political maturity will overcome these divides, but the continental institutions cannot yet help define shape global outcomes meaningfully.\textsuperscript{x}\textsuperscript{iii}

The U.S. (and the European Union) are conservative powers, committed to preserving, as far as possible, the parameters of the world order established at Bretton Woods and San Francisco, and developed by North Atlantic Treaty Organization\textsuperscript{x}\textsuperscript{iv} and the European Union\textsuperscript{x}\textsuperscript{v}. Washington’s sense of isolation in international organizations and domestic opposition to delegation of authority to these, has compromised its ability to lead. The relative weakness of the European Union, due to its multinational character and fissiparous tensions, make it very difficult to translate a *Common Foreign and Security Policy*\textsuperscript{x}\textsuperscript{vi} into a viable *Global Strategy*\textsuperscript{x}\textsuperscript{vii}.

China’s proposal, outlined during Beijing’s presidency of the G20\textsuperscript{x}\textsuperscript{viii}, premised on an open and inclusive world, offers an interesting alternative. Beijing would like to advance a new mode of sustainable economic development through the G20. None of the other BRICS members – Brazil, Russia, India, nor South Africa – is likely to oppose this in principle, but the details are unclear.

This suggests that:

First, no overarching concept of the desirable principles of a future global order will soon emerge among the world’s leading powers. While a common vision is needed, the cultural and political preferences of the elites in these capitals – and of the populist forces emerging from economic and social pressures and perceived threats to identity – will frustrate it.\textsuperscript{x}\textsuperscript{ix} Neo-liberalism is in retreat in the West, with neo-nationalism on the rise.\textsuperscript{xx}

Second, the interplay between long-range geo-economic trends, geopolitical tensions, and domestic social inequality and anger, exacerbated by the accelerating transformation of work and education, is fracturing national societies and weakening representative democracy.\textsuperscript{xx} The nationalistic, nativist\textsuperscript{xxi} stance that emerged in the U.S. in 2016 is familiar in Russia and Turkey, evident in Latin America, Africa, the Arab
region and South Asia, and rising in Western and Eastern Europe.

Third, our failure to deal adequately with this is dangerous. We need to address the sources of acute inequality; restore possibilities for upward mobility; provide social safety nets for those who cannot be reskilled and accommodated in labour markets; invest in the transformation of education and skills training to enable horizontal mobility and lifelong learning; and build social capital and cohesion to enable burden-sharing.

Fourth, preoccupation with the need to respond to these domestic imperatives, makes collaboration on “common goods”, and coordinated responses to terrorism, violent extremism and organised crime more difficult. The contraction of international trade regimes, if unchecked, will dislocate global value chains, slow growth, and increase geopolitical stress. This challenge is global, and the G20 must address it urgently.

We need to restore a sense of “…common interests and common values… [and acceptance of] a common set of rules in [states’] relations to one another.” Faced with the multivariate asymmetry between the scale and depth of the global economy, society and polity, we must find ways to rebalance at several scales.

Established structures and systems, moreover, need radical reform, including institutions of global governance, regional governance, regional security, and national political governance, “free markets” as we have defined them in the past 25 years, the relationship between education, training and employment; and systems of social coexistence shaped by rapid urbanization followed by globalization that are now under stress in many advanced economies.

One cannot reach agreement on all issues at a global scale, so we must determine at what scales collective agreement on particular outcomes is feasible. To apply and enforce norms, we need to determine appropriate scales. Too narrow a scale – limiting normative and legal frameworks to culturally homogenous communities – enables widespread acceptance, but leaves issues of the commons unresolved, posing high risk. Assuming that the preferred norms of any community are universal, and can be applied globally, has proven counterproductive.

The proper scale is a function of the communality, or diversity, of the interests at stake; and the variety of the communal values on which an agreed solution can be founded. While coercion has often been used to impose outcomes on communities in history it is unsuited to a highly-connected and largely transparent world. While force is, and will be, used to punish those that pose threats to communities, this can only be done to those on the margins of national, regional or global societies, if comity is to be maintained. For acceptable levels of social stability, the great majority of actors must accept the moral values that underpin the society, and the norms it applies.

On the global scale, disagreements between permanent members of the UN Security Council have led to vetoes being exercised frequently over seventy years. The requirement of consensus in the World Trade Organization has frustrated the conclusion of the Doha Round. The recommendations on reform by the United Nations High-level Panel on Threats, Challenges and Change in 2004, led to no substantive results. Delays in securing ratification of changes to the voting rights and quotas of members of the International Monetary Fund and the World Bank Group,
led China to launch alternative, ‘complementary’ organizations.

But, the negotiations in the COP 21 round of the United Nations Framework Convention on Climate Change, led to the Paris Agreement, facilitated by a shift from common but differentiated responsibilities, formalized at the Earth Summit in 1992, to credible, nationally determined contributions which states committed to execute, and to strengthen in future, while reporting on their emissions. The tactical recalibration from obligations to contributions enabled states to transcend arguments between emerging and advanced economies about their obligations due to the carbon intensity of their development paths, to focus on what all could do to achieve mutual benefit.

National efforts before the COP21 in Paris were informed by common interests – averting the disastrous effects of excessive atmospheric warming, while enabling economic development – not by obligations imposed by others. As state parties determined the contributions to which they committed, they engaged constructively.

Likewise, the adoption of seventeen Sustainable Development Goals (SDGs) to end poverty, fight inequality and tackle climate change in the 2030 Agenda in September 2015, was a substantial achievement. Like the national contributions to which states committed in the Paris Agreement, the SDGs are not legally binding, though governments will establish national instruments to enable their achievement. States are responsible for implementing them, and for collecting national data, to feed into regional reviews, for global consolidation.

The success of these bottom-up approaches accords with research commissioned by FutureWorld Foundation into national perspectives on environmental sustainability; socio-economic equity; human, national, regional and global security; and norms and cultural values. That research suggested that a triadic structure of governance will likely be most effective, keeping most responsibility for decision-making at national levels, and consolidating at regional and global levels only the most urgent and systemically vital issues. This would involve our -

- addressing key global public goods (climate, oceans, biodiversity and related planetary boundaries) and behaviour threatening a tragedy of the commons, with supranational systems, capitalising on individual national commitments within a shared framework;
- facilitating cooperation and harmonization of rules on human rights, trade, financial flows and security through international conventions and treaties, whose premises are negotiated and agreed on a basis of shared responsibility; and
- encouraging commitments to common objectives in other areas of collective benefit, without creating institutions to control or enforce compliance.

To achieve this, the G20 Summit should acknowledge the urgency of the challenge, and call for an international conference to address it effectively. The initiative would recognise the need for a new world order that maintains the best of the past, and addresses the needs of the present and the future.

Each state should transparently define a desirable end state for the global order in 2030, without explicit reference to present structures or systems. The topics of the Global Agenda – balancing
environmental sustainability with equitable socio-economic advancement, and human, national and global security – can provide a frame of reference. Agenda 2030 and the Paris Agreement can serve as building blocks. The aim is to reach agreement on an end state, and specific outcomes, before discussing the means to achieve them. National and regional consultations, like those that led to the SDGs, would spark national debates, allow reciprocal learning, help dispose of prejudice, and undercut dangerous fact-free populism. The discussions should clarify the values that motivate each state’s objectives, and shed light on the norms and legal instruments that can advance them.

If agreement is reached on the defining elements of an end state in 2030, discussions on how to achieve it will be more constructive. Experience in conflict resolution teaches that even conflicted actors can discuss strategy effectively after they have reached agreement on goals.\textsuperscript{xxiv}

The challenge is large, but no larger than similar endeavours after great conflicts. The question is whether we can summon the will to create a fitting world order before we confront a larger catastrophe. Time is of the essence, and the G20 must seize the moment.

\textsuperscript{1} http://unfccc.int/paris_agreement/items/9485.php
\textsuperscript{2} http://www.un.org/sustainabledevelopment/development-agenda/
\textsuperscript{3} Jeffrey T. Checkel, International Norms and Domestic Politics: Bridging the Rationalist-Constructivist Divide, European Journal of International Relations 3 (December 1997)
\textsuperscript{4} In his review paper on the constructivist schools, Checkel (op. cit., 1996) notes: “Although Finnemore is not explicit ... one can infer from her empirical chapters that normative effects are limited to state bureaucrats (Finnemore, chaps. 2, 4). In the Katzenstein volume, some authors find norms held broadly within a polity (Berger on postwar Germany and Japan), while others see their effects confined to political and academic elites (Herman on the USSR) or to state decision makers (Risse-Kappen on NATO; Katzenstein, chaps. 9, 8, 10). Klotz’s cross-national design uncovers evidence of normative effects at the level of political elites in one instance (the U.S.); in her British case, however, such influences are partly blocked by deeper, historically constructed national discourses (Klotz, chaps. 6, 7).
\textsuperscript{5} Hedley Bull, The Anarchical Society: A Study of Order in World Politics, 1997
\textsuperscript{vi} Such international conferences have been convened at the end of major conflicts:

\begin{enumerate}[a.]
\item the Augsburg Settlement in 1555, between Charles V, Holy Roman Emperor and the Schmalkaldic League, which ended the religious struggle between the Catholics and Lutherans, and made the legal division of Christendom permanent within the Holy Roman Empire, allowing rulers to choose either Lutheranism or Roman Catholicism as the official confession of each state;
\item the Peace of Westphalia in 1648, comprising the treaties signed in Osnabrück and Münster ending the European wars of religion - the Thirty Years’ War (1618–1648) in the Holy Roman Empire, and the Eighty Years’ War (1568–1648) between Spain and the Dutch Republic – by extending the principles of religious self-determination (cuius regio, eius religio) established for Lutherans and Catholics at Augsburg, to Calvinists and Anabaptists (“all Christians”), and founding the enduring principle of national self-determination;
\item the Congress of Vienna in 1814-15 (of which it is said: ” The objective of the Congress was to provide a long-term peace plan for Europe by settling critical issues arising from the French Revolutionary Wars and the Napoleonic Wars. The goal was not simply to restore old boundaries but to resize the main powers so they could balance each other off and remain at peace”);
\item the Paris Peace Conference leading to the Treaty of Versailles of 28 June 1919 at the end of WWI, to set the peace terms for the defeated Central Powers following the armistices of 1918, leading to the creation of the League of Nations; the five peace treaties with the defeated states, including the Treaty of Versailles with Germany; the award of German and Ottoman overseas possessions as "mandates", chiefly to Britain and France; reparations imposed on Germany, and the drawing of new national boundaries (sometimes with plebiscites) to reflect ethnic boundaries in Europe;
\end{enumerate}
e. the negotiations at Bretton Woods (the United Nations Monetary and Financial Conference, to regulate the international monetary and financial order after the conclusion of World War II; and
f. the San Francisco Conference comprising representatives of over eighty per cent of the world’s population, determined to set up an organization (the UNO) which would preserve peace and help build a better world.

Today’s global economy has its tap root in Western history, but owes its accidents to the emergence and growth of multinational corporations since the 1960s; the progressive availability of information on global demographics and market conditions; the opening of markets in Eurasia and China after the collapse of the Soviet Union; the commercialisation of the information technologies and systems developed in the defence industries in the 1980s, which accelerated the confluence of communications, computing and entertainment; and the adoption of digital technologies by financial institutions in the 1990s to create integrated global markets. Since the end of the 20th century, its definitive characteristics have been the universal availability of information through the internet; the internationalisation of production in long supply chains, shifting the balance of power between corporations and all but the most powerful governments in favour of companies; the scale and speed of global financial flows; and the rapid dissemination of Western perspectives and artefacts by global broadcasting, branding and advertising. The principles of market economics are its leitmotif, though more atavistic tendencies have prevailed in trade. The commitment to free markets has exacted costs: Liberalisation of capital account transactions caused exceptional currency volatility after the Asian financial crisis in 1997/98, and after 9/11 in 2001, reaching an unprecedented peak in 2008 when large-scale structural imbalances, misaligned incentives for risk-taking in the financial sector, and neglect of the need for regulatory controls to curb herd behaviour, combined in a perfect storm, converting a structural collapse of the U.S. sub-prime housing market into a global financial and economic crisis. Only unprecedented, globally-coordinated monetary easing and fiscal stimuli - at a cost of some $9 trillion - averted the implosion of the financial system — at the cost of converting a financial crisis into a sovereign debt crisis in the Eurozone.


The Oxford English Dictionary defines “nativism” as “the policy of protecting the interests of native-born or established inhabitants against those of immigrants.”

The revival of cultural and religious identities, especially in extreme forms, in the face of modernization, secularization and westernization in the past quarter century; and the rise of nativism and populism in advanced economies in response to negative social impacts of globalization and mass migration more recently, are salient examples.

There are, of course, still instances in which this is done: Moscow’s actions in Georgia and Ukraine; NATO’s in defeating government forces in Libya; and the actions of the U.S. led coalition in Iraq; and the Kingdom of Saudi Arabia in Yemen, are cases in point.

The criminal justice system buttress the normative and legal framework of each national society in prosecuting and punishing sever offences.

The Treaty of Maastricht established criteria for European countries wishing to adopt the euro: Inflation of no more than 1.5 percentage points above the average rate of the three EU member states with the lowest inflation over the previous year; a national budget deficit at or below 3 percent of GDP; national public debt not exceeding 60 percent of GDP (although a higher level of debt was tolerated if the debt level was falling steadily); long-term interest rates no more than two percentage points above the rate in the three EU countries with the lowest inflation over the previous year; entry by the national currency to the ERM 2 exchange rate mechanism two years prior to entry. Spain and Portugal were in line for penalties in 2016 for non-compliance with the requirements limiting the budget deficit - http://www.politico.eu/article/spain-portugal-in-line-for-penalties-on-budget-deficits/.


See http://research.un.org/en/docs/sc/quick


In 2015, 196 parties to the convention attended the UN Climate Change Conference in Paris from 30 November - 12 December, and adopted the Paris Agreement by consensus, aimed at limiting global warming to less than two degrees Celsius, and pursue efforts to limit the rise to 1.5 degrees Celsius. The threshold for entry into force of the Paris Agreement was achieved on 5th October 2016, with the Agreement entering into force on 4th November 2016. http://unfccc.int/paris_agreement/items/9485.php