

35 VALDAI PAPERS

November 2015



GOVERNANCE FOR A WORLD WITHOUT WORLD GOVERNMENT

Ramesh Thakur

About the author:

Ramesh Thakur

Former Senior Vice Rector of the United Nations University and Assistant Secretary-General of the United Nations, Australia

There is no government for the world. Yet, on any given day, innumerable commercial, professional, diplomatic and personal cross-border activities take place in reasonable expectation of safety and security for the people, groups, firms and governments involved. Disruptions and threats are rare – indeed, in many instances rarer in the international domain than inside some countries. Thus international transactions are typically characterized by order, stability and predictability. This immediately raises a puzzle: how is the world governed even in the absence of a world government in order to produce norms, codes of conduct and regulatory, surveillance and compliance instruments? The answer is global governance whose content embraces the totality of laws, norms, policies and institutions that define, constitute and mediate relations between citizens, societies, markets and states in the international system.

Multilateralism refers to collective, cooperative action by states – sometimes in concert with nonstate actors – to deal with common problems and challenges when these are best managed collaboratively to reduce costs and bring order and regularity to international relations. The world is interdependent in areas as diverse as financial markets, infectious diseases, climate change, terrorism, nuclear peace and safety, product safety, food supply and water tables, fish stocks and ecosystem resources. These can provoke interstate military conflicts and are also drivers of human insecurity. In such a world, all states face mutual vulnerabilities; even the most powerful cannot achieve security or maintain prosperity through unilateral action.

Yet governance for the planet is weak and multilateralism is under unprecedented challenge, from arms control to climate change, international criminal justice and the use of military force overseas. The international and regional organizations that collectively underpin global governance cannot address contemporary challenges effectively because they are insufficient in number and inadequately resourced. The evolution of international institutions to facilitate cooperation and mute conflict lags behind the rise of collective problems with cross-border dimensions. The most pressing problems – nuclear threats, terrorism, pandemics, food, water and energy scarcity, barrier-free trade, climate change – are global in scope and require multilateral solutions. But the policy authority and resources for tackling them remain vested in states. There is also a disconnect between the distribution of authority in existing international institutions and the distribution of military and economic power in the real world, producing a mutually undermining gap between legitimacy and efficiency.

The result is that states have the capacity to disable decision-making and policy implementation by global bodies like the United Nations (UN) but lack the vision and will to empower and enable their own global problem-solving on the pressing international issues. Could a regional level of governance operating between the state and the world help to resolve the paradox? The architecture of global governance consists of:

- > *International organizations with the UN system as the inner core of the mandated multilateral machinery, but including also other organizations like the World Bank, the International Monetary Fund, the World Health Organization and the World Trade Organization;*

- > *Formal regional and subregional organizations like the African Union (AU), the Organization of American States, the Association of Southeast Asian Nations (ASEAN), and the Shanghai Cooperation Organization; and*
- > *A “soft” layer of informal general-purpose groupings, of which the most visible example in recent times is the G20 heads of governments and states but which also include the old G7 and the new BRICS (Brazil, Russia, India, China, and South Africa) groupings of the industrialized and emerging market economies; informal but functionally specific and single-problem-oriented institutions like the Proliferation Security Initiative; and transnational civil society and market actors that have grown in numbers, role and influence, with an increasingly heard voice but without vote and veto in intergovernmental decision-making forums.*

United Nations

The United Nations opened up new horizons in 1945, but the steps taken since then have been small, hesitant and limited to the point where even its most ardent supporters are in despair while critics believe the world organization is tired and no longer fit for purpose. The very feature that gives the UN its unique legitimacy, namely universal membership, makes it a terribly inefficient body for making, implementing and enforcing the necessary collective decisions in timely fashion. A post-1945 organization operating in a post-20th century world, the UN’s effectiveness and relevance diminish with each passing year. This is not to deny the organization’s many real accomplishments, from decolonization and peacekeeping to development of the rule of law, human rights promotion, gender empowerment and refugee resettlement. Yet the accomplishments have lagged well behind the promise, demands and expectations. The General Assembly has become a forum for mutual recriminations more than public diplomacy, the Security Council is often paralyzed in conflicts involving a clash of major power interests, and countries like China have escaped the poverty trap through indigenous efforts rather than relying on UN assistance.

In failing to accommodate its structures, processes and agendas to the transformations sweeping the world, the UN risks atrophy and irrelevance. The failure to reform the Security Council – which suffers from a quadruple legitimacy deficit of performance, representativeness, procedures and accountability – has been corrosive of the UN’s moral authority. There is also a growing legality-legitimacy gap with respect to sanctions, the use of force, nuclear nonproliferation and disarmament and the selection of the secretary-general (SG). If the UN cannot be effective in constraining the international use of military force by the P5, of what use is it to the weak who fear aggression by the strong?

Regional Organizations

Regional integration refers to a process in which a group of contiguous countries move toward partial or complete unification. Some organizations are limited to the achievement of economic integration while others also encompass matters of law, security and culture. The European Union (EU) incorporates explicit political elements in a deep economic integration and requires member states to meet minimum standards of behavior to be considered truly 'European'. The new regionalism has also spread to other continents, both through the creation of new organizations (like the Southern Common Market, MERCOSUR) and through the upgrading of previously existing regional and subregional economic bodies (as with the reinvention of the Organization of African Unity as the African Union). Today's 'natural' economic zones are regions whose boundaries are drawn not by politicians but by the invisible hand of the global market for goods and services. Their primary links are not with host countries but with the global economy. In parallel with spreading and deepening regional integration, recent decades have also seen the gradual emergence of inter-regionalism whereby different regions interact with one another as regional entities.

In Africa, the Americas, Asia and Europe countries share certain policy problems and approaches on a regional scale that they do not hold in common with all countries on a global scale. At the same time, however, regional governance cannot substitute for the UN, particularly in promoting security and development around the world. The task therefore is to build effective partnerships between regional and global agencies. Amidst intensifying interdependence, the UN's mandated role becomes especially important in managing globalization to maximize common benefits while mitigating unequally distributed harm.

Although the UN is based on state membership, regional groupings are pervasive in its organization and operations. Chapter VIII of the UN Charter is devoted to regional organizations and their relationship to the global body. Regional considerations figure in the composition of UN organs and the appointment of UN personnel at all levels, including the SG. Several regional organizations have observer status at the UN. All these arrangements corroborate the claim that regional-scale governance, far from being incompatible with UN goals, is integral to its makeup and functioning. Their activities can complement UN efforts. Some regional organizations have been more successful at conflict management than the UN. ASEAN has been quite successful at conflict containment without necessarily resolving the conflicts.

It is not generally remembered today that originally, a principal impulse to West European integration was the political motive of avoiding another major war in Europe. Economic unification was seen as a means of securing European peace by making war between France and Germany not just unthinkable, but materially impossible. Regional organizations can help to create webs of functional links which then improve relations between the member-states. Functional interdependence promotes a sense of community, raises the threshold of tolerance of irritating behavior from other members because relative gains exceed perceived challenges, increases the cost of violent conflict to all members, and provides mechanisms, experience and expectations of 'integrative solutions'.

That said, the relationship between conflict and regional integration is curvilinear, not linear. Initially conflicts increase as countries come into greater contact, but then peak

and decline beyond an unspecified threshold of integration. Although counter-intuitive at first glance, this is not very surprising. Total independence from one another signifies a complete lack of contact and therefore a total absence of any opportunity for a clash of interests. Increasing interdependence multiplies the number of issues over which states interact and thereby expands the potential universe of a competitive clash of interests. But once states are heavily integrated, their economies become so thickly intertwined that the costs of extricating from the mutually beneficial relationship are greater than any possible gains that might accrue from going to war.

In 1992 SG Boutros Boutros-Ghali called for greater involvement of regional organizations in UN peace and security activities: preventive diplomacy, peacekeeping, peacemaking and post-conflict peacebuilding. Since then, formal cooperation between regional organizations and the UN has been consolidated further. In 2004, SG Kofi Annan's High-Level Panel urged the Security Council to utilize Chapter VIII provisions more. Regional groupings neither contradict nor absolve the UN of its primary responsibility for the maintenance of international peace and security. Rather, the two should work together in a more integrated manner. The UN continues to affirm that strengthening relations with regional organizations is a critical part of the effort to reform the multilateral system in order to create an interlocking system based on comparative advantage, that ensures greater coordination in both policy and action. The Security Council also has paid more attention to increased collaboration with regional organizations in stabilization processes through exchange of information and sharing experience and best practices.

The UN has endorsed efforts by the EU and others to develop rapid deployment, standby and bridging capacities, and capacity development for the AU. In 2011 this was extended to the first UN-authorized military intervention for implementing the responsibility to protect (R2P) principle in Libya. Security Council Resolution 1973 (March 17, 2011) mandated a non-UN coalition led by NATO to protect civilians in Benghazi from a threatened assault by government forces. The Arab League and the Organization of Islamic Conference played a key role as gatekeepers for R2P implementation and SG Ban Ki-moon's 2011 special report on R2P was on the role of regional arrangements in implementing the principle.

The Latin American Network for Genocide and Mass Atrocity Prevention was launched in 2012 as the first initiative of its kind, focusing on the development of public policy dealing with human rights and discrimination issues with a specific concentration on atrocity prevention. Meeting in Santiago, Chile on 29 May 2015, the Network adopted a Declaration affirming the group as "a regional tool that contributes to the continued mainstreaming of atrocity prevention in national agendas," can develop and consolidate a common curriculum on atrocity prevention, and support the work of the UN Office of the Special Adviser on the Prevention of Genocide.

In the event NATO over-reached in using Resolution 1973 to pursue regime change in Libya and the post-2011 violence and instability has further damaged the model of the UN subcontracting R2P military operations to a regional organization. It might similarly be asked if NATO's unstopped eastward expansion to Russia's borders and the EU efforts to draw Ukraine into its economic embrace were triggers to the crisis in Ukraine in 2014, damaging

their historically-rooted claims to be remarkably successful conflict avoidance mechanisms. Nor has ASEAN been particularly successful in ameliorating tensions over conflicting territorial claims between its member states and China in the South China Sea. And the South Asian Association for Regional Cooperation has been barred from any role in the intractable India–Pakistan dispute over Kashmir.

That is, some regional organizations can act as shock absorbers to help defuse tensions between member states and mute conflict. But not all. Similarly, some have led the initiative to negotiate and establish regional nuclear-weapon-free zones that can consolidate and deepen the NPT regime, reinforce global anti-nuclear norms, and both reflect and contribute to regional confidence building measures.

A World of “G”s

In the global governance constellation, unlike the mandated regional and global intergovernmental organizations, the myriad of “G” groups lack the capacity to make binding decisions either for the group itself or for outsiders. But they can help to incubate consensus and steer members in a common direction.

G7/8

The G7/8 (Canada, France, West Germany, Italy, Japan, UK and USA, with Russia added in 1997) helped to coordinate macroeconomic policy, trade liberalization, energy consumption, relations with developing countries and debt relief. It progressively also took on the tasks of policy coordination and crisis management on political and security issues. Among its achievements are managing the end of the Cold War, particularly in Europe; creating a new role for itself in conflict resolution (e.g. Kosovo in the 1990s); and highlighting the issue of debt relief. But the G8 was heavily criticized on three grounds: low legitimacy owing to its narrow base, lack of transparency, aloofness from dissenters, lack of legal basis or criteria for membership, and pretensions to manage the world’s affairs; overlap with much of the work of other international organizations; and questionable effectiveness and value-for-money, with a persistent failure to close the gap between promises and pledges made at summits and follow-up action and delivery when it came time to implement the commitments.

The G8 was always a narrow club of self-selected countries and, as such, never possessed either electoral or representative legitimacy. But for some years at least it reflected economic and geopolitical weight. No longer. With the systemic financial crisis roiling the world in 2008, none of the existing political or economic institutions proved adequate to the task of coordinating the response to the global crisis: the world proved to be much bigger than the G8. Under the existing deficient system of global governance, the risks were globalized but not the benefits nor the regulatory instruments. While corporations, markets and financial flows are global, the regulatory and surveillance systems are national or, in a few cases like Europe, regional.

BRICS

If the G7/8 is among the oldest informal clubs of like-minded countries, one of the newest is BRICS. While the former is the club of the richest industrialized countries, the latter brings together the key emerging powers whose economic growth could outstrip and anchor the rest of the world. Their rapidly growing economies, substantial populations, military capabilities and expanding diplomatic reach translate into rising power profiles and geopolitical clout. They make up 40 percent of world population, 20 percent of world GDP, 15 percent of world trade and account for two-thirds of world growth. They enjoy competitive edges in different areas from abundant natural resources to strengths in manufacturing, IT and biotechnology. By 2025 the G8 – the world's eight biggest economies – is likely to be, in order, the US, China, India, Japan, Germany, UK, France, and Russia.

BRICS is not the product of diplomatic negotiations based on shared political values or common economic interests. It has an intriguing diversity and spread of continents, political systems and values, and economic models. It attracts skepticism precisely because the diversity hides the reality of a lack of unifying values, principles, goals and even interests. Shared frustration with the architecture and management of the existing international financial and political order does not by itself translate into joint initiatives and leadership to replace it with a new and improved order.

The sixth BRICS summit was held in July 2014 in Fortaleza, Brazil. The major deliverable was economic in form and content – the creation of a New Development Bank based in Shanghai – but its primary motivation, significance and built-in limitations were mainly geopolitical: a challenge to the US-dominated global architecture. Many developing countries remain worried that the forces of globalization impinge adversely on their economic sovereignty, cultural integrity and social stability. The BRICS share concerns about the financial and geopolitical dominance of the US-led West and support a rebalancing of the current global trade and financial system to reflect developing-country interests. On issues with shared interests and views, the BRICS can exert significant global leverage. They can give voice to Southern concerns on new rules for health care, pharmaceuticals, intellectual property rights, etc.

The most potent source of BRICS cohesion is geopolitical: the common interest in checking US/Western power and influence by leveraging collaboration with the other non-Western powers. The West's addiction to sanctions provides a powerful incentive to the BRICS to develop long-term alternative financial institutions for parking their money and moving them internationally. According to India's former foreign secretary Kanwal Sibal, "the West's bullying instincts" based on "unbridled self-righteousness and arrogance" must be countered by the rising countries by building their own political, economic and security networks.

Nevertheless, although strong enough to veto Western action, the BRICS-5 lack the political clout and economic muscle to remake the status quo. They are totally different countries with separate histories, contexts, political and economic systems, needs, opportunities and development trajectories. They are also riven with rivalries over borders, resources and status and divided on reform of the UN Security Council. All retain deep and specific ties with the pivotal northern countries and for all, bilateral relations with the US are more critical than with one another. Nor do they always act as a concerted bloc within other institutional settings.

G20

In a world in which all politics is stubbornly local but most big-ticket problems are global, the G20, more representative of the global diversity of power, wealth and values than any other group, is uniquely placed to bridge the global governance gap. It offers the best crossover point between legitimacy (based on inclusiveness and representation), efficiency (which requires a compact executive decision-making body) and effectiveness (where those who make the decisions have the greatest ability to implement or thwart them). Its purpose should be to steer policy consensus and coordination and mobilize the requisite political will to drive reform and address global challenges while navigating the shifting global currents of power, wealth and influence.

In turn, its impact will be greater if it can combine the personal engagement and informality developed by the G8 summitry, the detailed preparation and follow-up work required to vest summits with successful outcome and delivery and the unique legitimacy that only the UN can confer as the sole authentic voice of the international community. Thus the real challenge is to configure and operate the G20 as the hub of a networked global governance. It should replace the G8 as the grouping that counts, with the UN serving as a universal validating rather than a credible negotiating forum.

In order to defuse criticisms that it is a self-selected exclusive club, the G20 must complement its core composition with a consultative network that reaches out to other

governments and business, civil society and think tanks. That is, its governance model should be to consult and cultivate, not command and control, so that others believe they have a genuine voice and are legitimate stakeholders. The G20 is best placed to bring together all countries that count and are likely to count in the foreseeable future because of their weight (economic, financial, diplomatic, military and/or normative). But it cannot be even remotely representative of the smaller, deeply vulnerable, highly stressed and frail countries and their populations: a G20 is not a G200. The excluded must be co-opted into the system so that their perspectives and interests are heard. This will make them more receptive to endorsing G20 policy responses and collective action in the globally legitimated institutional system of the United Nations. And to the extent that the contemporary web of global governance includes businesses and civil society organizations – as participants, advocates, activists, dissenters and spoilers – they too must be brought inside the tent through innovative institutional linkages.

#Valdaiclub

 Valdai Club

 Valdai International
Discussion Club

www.valdaiclub.com

valdai@valdaiclub.com



Council on Foreign and Defense Policy



Russian International
Affairs Council



NATIONAL RESEARCH
UNIVERSITY