Readers’ Guide: Global Redesign Initiative
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Appraisal of WEF’s Perspective
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The Readers’ Guide offers an appraisal of GRI’s proposals for a new global governance system on four dimensions: the context, the criteria for identifying problem areas, the coverage of issues, and operational concepts. In short, the Readers’ Guide asks four questions about the outcome of the GRI: Where does WEF’s effort fit in the current political debates on governance? Did it select appropriate criteria to identify problems that need attention? Was its coverage and identification of issues appropriate? How well did it examine the operational consequences of its proposals?

Given the diversity and complexity of the various individual proposals in the taskforce recommendations, this section is not comprehensive. Many of taskforce recommendations may well have advantages quite independent of the broader governance objectives of the WEF project. These, too, are not evaluated in this section.

This appraisal should be read in conjunction with the line-by-line commentary component of the Readers’ Guide. This section is intended to start a conversation about the assumptions and implications of WEF’s proposals for global governance.
As observed earlier, the global governance system is no longer working. For some, this is frankly a good thing. For those whose core belief is that the state system \(^1\) should have a minimal role in the economy and in social life, \(^2\) a non-functioning global governance system is a dream come true. A dysfunctional global governance arrangement also suits those who welcome the flexibility currently in the global economic space to pursue corporate growth in a legal vacuum. These free-market enthusiasts may well want a major nation-state or the UN system on occasion to act on their behalf against what they see as a rogue nation-state or an annoying civil society organization. They may also want the international system to set trade rules or standards that give them preferential access to new markets, protection from domestic regulations, \(^3\) or automatic rights to their patents in foreign markets.

But fundamentally, a number of powerful Actors receive quite significant benefits from a global governance architecture that is incoherent and ineffective.

Others feel the international system threatens their national interests and want a minimalist role for the UN system. These critics are infamous for vitriolic attacks on the UN, as if it were some terrible weapon that threatens their lives and their national sovereignty. These critics make it a practice to discredit and de-legitimize any form of inter-state cooperation throughout the UN system, routinely disparaging such as pre-ordinated institutional failures.

WEF is not among this crowd.

To its credit, WEF has shifted the debate in three very significant ways. First, it counters arguments from the Right with a new conceptual framework and operational plan to undermine the misdirected attacks on the UN system. Second, to the international policy community, WEF says that piecemeal re-conceptualization of specialized governance systems – such climate governance, food governance, or trade governance – cannot properly be accomplished absent a more comprehensive global frame of reference. Third, to address the voices coming from the Center and the Left, WEF articulates a candidate system for the governance of globalization which incorporates key leaders from international civil society as partners in global governance.

For some, diversity of political and economic power is a good thing. It should not remain concentrated in the institutions of former colonial or current imperial powers. It should not be based on the supremacy of a highly concentrated global marketplace. This view recognizes that each nation-state should equitably have a say in extra-territorial and global matters. It also recognizes that startups, new technologies, and out-of-the-box thinking comes disproportionately from small enterprises and small places. It welcomes the autonomy and variety of gender, religion, ethnic cultures, and race history. For WEF, however, dispersal of international power is a source of anxiety, not an ethical or practical goal.

The WEF community however argues that some form of state and inter-state capacity has long-term benefits. It recognizes that the current system of government-to-government meetings and highly specialized business and sector meetings is not the perfect system. For Davos, this fragmented system is characterized by limited participation of truly important Actors and results in limited cross-fertilization of ideas between key global communities. This position departs from the view of the International Chamber of Commerce and other main line corporate leaders. These business association and corporate executives argue that the market is a self-regulating institution that will adjust on its own to take care of social, environmental, and cultural necessities without a significant role for the state.
The GRI project recognizes that large corporations left alone in the international market are also not likely to re-organize globalization, that the intergovernmental system left alone is not likely to re-organize itself, and that some critical combination of nation-state institutions, multinational corporations, and civil society is needed to attempt to manage globalization.

Related Ideas: Public governance failures

1. Or, by extension, the intergovernmental system
2. Heritage Foundation; John Birch Society
4. particularly as the then WEF vice chair and project co-leader Lord Mark Mallach-Brown was formerly the head of the UN Development Program and UN Deputy Secretary-General.
Second and Third Shifts

A second shift is that WEF’s starting point focuses on key Actors of global governance that have not received adequate attention. Its diagnosis of the problems in governance starts with the view that the real players in global governance consist of constituencies that are closer to the Davos corporate-social model than the Westphalian state model. That is, that states are not the central agents of international governance but are simply one player of many. The other constituencies of the current global governance system are MNCs, which operate a de facto governance system outside of nation-state control, and CSOs, which have a crucial knowledge base on global issues often exceeding that of states and MNCs.

The 1995 report of Commission on Global Governance shared GRI’s view that nation-states alone no longer govern internationally. However, the Commission acknowledged only civil society as a second global Actor. The 2008 report from the Helsinki Process recognized that both MNCs and CSOs have crucial roles to play in global policy affairs. But the report largely sees that role as that of junior partners, enhancing the centrality of the state and the UN system. GRI is clearer on the transformation of the relations of power in global governance - the Davos model is a more accurate reflection of reality than a modified Westphalia model.

To WEF, some form of joint elite management in the globalized economy is healthy and productive. The annual Davos gathering and WEF’s regional and industry gatherings bring together people from a diverse range of upper echelon constituencies to discuss pressing global problems and envisage solutions. In the last few decades, these gatherings have become more frequent, are held in more continents, and grapple with a greater breadth of issues. For WEF, the microcosm of Davos should be the prototype for a new global scale governance system.

The third shift is that a major business-based institution has adopted the nomenclature of “global governance” as an acceptable phrase. The initial ground was broken by the Commission on Global Governance in 1995. Since the 1970s, the International Chamber of Commerce has argued that multinational corporations should not be singled out for attention by governments, as they were in reality like local businesses, just bigger. They and others have also consistently argued that the UN system should not evolve into a ‘World Government’, as it might challenge the fragmented nation-states and interfere with MNCs in the international market.

The transformation in acceptable nomenclature has been maturing in recent years, most notably with a growth of a number of academic departments and institutes that used ‘global governance’ in their names. Since 2000, a number of sector specific governance debates (e.g. IMF governance, health governance) have been portrayed as debates on “global governance”, suggesting that the solution at that sector-specific level could be a prototype for a more general international governance system. In 2010, the General Assembly had its first resolution on global governance, co-sponsored by the Governments of Chile, Switzerland, Kenya, and Singapore. However, it was really WEF’s adoption of the vocabulary that signaled that this phrase has been recognized as legitimate in general global discussions.

2. Many of the mainline reviews of the report noted however that ‘global governance’ was just a new way to say ‘world government’. Sonny Ramphal, the Co-chair of the Commission on Global Governance, argues that the acceptance of the term ‘global governance’ occurred earlier. “In the early 1990s the concept of “governance” was not widely discussed. In fact there were a lot of queries about “governance” at the first deliberation of the Commission. The Commission feared people would look askance at the new term “governance”. After the Commission Report, he argued that “governance” became part of current parlance.” Commission on Global Governance, pg 90

3. International Relations and Affairs: Global Governance (University of Waterloo, Canada); Columbia Law School Center on Global Governance (Columbia University); Global Governance and Diplomacy (University of Oxford, United Kingdom); Leuven Centre for Global Governance Studies (Katholieke Universiteit Leuven, Belgium)

4. The United Nations in global governance, A/65/L.28 of 2 Dec 2010. The resolution welcomed the proposal by the President of the General Assembly to have as the theme for the General Debate in the fall of 2011 "Reaffirming the central role of the UN in global governance". The resolution also created a new General Assembly agenda item entitled "Central role of the United Nations system in global governance".


Criteria and Objectives for a New Governance System

The Global Redesign project had two structural problems in mind when it set out to re-conceptualize the institutions of global governance -- there is a loss of legitimacy in the current global system and a lack of effectiveness in the overall system.

This Readers’ Guide seeks both to clarify the scope of the concepts of “legitimacy” and “effectiveness” in international relations and to understand the implications of designing a new international governance system based principally on these two objectives. This criterion for appraisal includes an examination of the consistency between the various Steps, Building Blocks, Tools, and Special Mechanisms and an assessment of whether or not WEF’s explicit objectives are centrally relevant to the problems of globalization today.

In the back of one’s mind, it is helpful to reflect how proposals for a future international system of governance are related to democratic governance systems at the national level. A first blush test of a new proposal for international governance could be “How would this proposal work in a national context?” Would a governance principle or an institutional arrangement proposed at the international level fall within the acceptable bounds of national practice?

If it does not, there are two possible alternatives to explore as part of this thought-experiment. The proposal might well be a significant improvement over existing best national democratic practices but has not yet been introduced. Or there might be something about the international situation that excludes this idea from having a domestic correlate.

For example, the GRI proposes that there should be parallel governing sessions to the annual meetings of the WHO, UNESCO, and FAO involving MNCs and CSOs. The stated purpose of this proposal is to increase efficiency and meaningfulness of intergovernmental outcomes. As a thought-experiment, one might imagine the equivalent concept for the national level. In this case, it would be roughly equivalent to recommending that, whenever parliamentary bodies meet, there should also be a standing meeting of business executives and civil society leaders to give them guidance, as this would improve their efficiency and the acceptability of their decisions.

1. Global Agenda Councils on Food Security and on Nutrition, Global Food, Agriculture and Nutrition Redesign Initiative, GRI, pg 193
Gaining Acceptance

The net effect of 60 years of private-sector rule-making within the international arena is a series of alliances between firms, trade associations, and states that have defined and maintained the rules. The private-sector-centric rule-making process varies by sector, by history, and by geographic market. Over time, governments have codified some of these informal rules in GATT and later in the WTO. For other de facto rules, the nation-states and the UN system has helped legitimize these ‘unofficial regulations’ by non-interference and silence. These informal rules determine more of the behavior of actors in the international market than the all the collective actions by nation-states.

Governments have adopted formal plenary declarations and conference resolutions on specific aspects of international corporate practices. They and the concerned public have subsequently been frustrated by the non-responsiveness of the international business community to these actions. From the corporate side, the autonomy of the informal processes has reached a point, however, that traditional MNC interactions with governments are no longer seen by some sections of the international elite as sufficient to get meaningful governmental action when necessary or to secure public acceptability. ¹

This section evaluates whether GRI’s proposals themselves have the potential to significantly enhance the legitimacy of globalization or whether they are likely to lead to greater difficulties with public respect for the institutions of global governance.

WEF’s recommendations for the incorporation of the non-state Actors into the UN system raise a number of unique issues. Some of these issues are the appropriate constituent groups for each multi-stakeholder structure; the ‘selection/election’ system for the each group of stakeholders; the voting system between the groups; the asymmetries of power and resources of the different stakeholders; the responsibilities and obligations of each group of stakeholders; the arrangements for administrative support for PPPs; and financing of multi-stakeholder undertakings. Some of these topics are addressed more fully in Operational Matters below.

A key constraint for the broad acceptability of WEF’s new system is the narrow band of experts they convened to develop their proposals. WEF did not call openly for proposals. It did not invite a number of key international constituencies to participate in the process. And it did not even establish a website for public comments. WEF selected its friends to work on its Global Redesign Initiative. Over 50% of WEF’s experts were working in the US while advising World Economic Forum on this project, hardly an indication of a geographically well balanced team. Even though GRI's finances came heavily from non-OECD countries, ² only 2% of its experts were working in developing countries at the time. Of WEF’s friends, only 17% were women. This narrow base has serious consequences. It undermines the WEF claims that it truly understands a multi-polar world and that it has the ability to pick the global leaders of today and tomorrow.

Related ideas: Sense of Ownership; Shift in Values; Global Business Oath; Public governance failures; Lacks built-in incentives

¹. The primary exception to this is that military and nuclear matters have remained in principally in state hands or under Security Council control

². Financial support for the GRI project came from the Governments of Qatar, Singapore, Switzerland, and Tanzania.
Dual Oversight of Countries and the Globe

A GRI taskforce recommends a joint foreign donor-national government administration of fragile states. This and related recommendations raise a number of legitimacy concerns.

As international donors and foreign businesses probably had a significant role in the domestic politics and government before the state was considered ‘fragile,’ the arrangement is complicated. Under this new proposed international understanding, foreign governments and foreign investors would be given legitimate government authority to protect their commercial and political self-interests. This proposal in some way represents a reversion back to earlier colonial-state relationships. From a legitimacy perspective, a co-managed country with foreign partners is not likely to enhance respect for a future, stable local government amongst the citizens of that country.

Seeking an explicit dual oversight function in fragile states has a parallel in the international arena, as the international space is also a fragile environment, an environment that is threatened by ecological crisis, by macroeconomic crisis, and by a crisis in confidence. It is an environment whose fragility has been heightened by practices of some leading international businesses and OEC states. The GRI recommendation that a joint alliance manage fragile states is in a sense parallel to its recommendation that the future management of the globe should depend heavily on joint public-private partnerships.

As the report of the Fragile States Dual Oversight Agency task force states:

> In the context of globalization, development requires a *new appreciation of the appropriate balance between the state, market and civil society in fragile states*. ... National Programmes are based on six key principles: [the first of which is] *Unified rules*, to allocate decision rights, roles and career paths, create stakeholders and determine their relations.¹

GRI’s argument is that a MNC-State partnership would be one where the interests of one partner are protected by the stronger public legitimacy of the other partner and vice versa. Except that the wider public, workers, consumers and the poor in the North and South are left out of the decision-making process.

The crux of this dynamic is to define the right relationship between the formal power of the state system and the informal market power of a globalized economy. Similarly, it depends on creating a new relationship between the formal institutions of the UN system and the informal institutions of nation-state power represented by a transformed G20. Changing the dynamic between the informal and formal power systems is central to the GRI’s approach. One of WEF’s goals is to have an *early harvest of progress from the G20* at the UN and in other economic forums, as this in their view will ease the acceptance of the new alignment of informal power with formal nation-state institutions.

WEF recognizes that advocating for the partial incorporation of the current ad hoc corporate system into the interstate system will make some governments and the existing UN system agencies uncomfortable. Nevertheless, the paralysis in transforming the post-WWII international institutions into meaningful institutions for governing globalization has opened the way for the WEF to make its case.

Ironically, inactivity by governments and UN system over the past decades has helped create the current situation. Governments from the 1970s to the early 1990s explored a range of possible new activities to provide intergovernmental guidance to global economy. The most clearly visible efforts were the 1970s proposals for a New International Economic Order and the conferences of the 1980s and 1990s.² Since the mid-1990s and the advent of the Reagan - Thatcher era of deregulation, there has been a more active effort on the part of OECD
governments to prevent the transformation of the UN system into an institution that might plausibly govern globalization. In this political space, there has evolved a set of complex and heterogeneous governance structures for specific sub-markets and discrete problem areas. Many of these ad hoc structures will not want to lose their current privileged positions or welcome a formalization of part of the business world into a non-state/state governance structure. So GRI is explicitly proposing an experimental and educational approach.

The net effect has been an increasing amount of international political space that governments have largely opted out of, the notable result of which is their lack of success in ‘solving’ any international social-economic-environmental-military problem in recent years.

Related Ideas: Health Issues


2. The Conferences of the 80s and 90s include the World Summit for Children, Rio Conference on Environment and Development, Beijing Women's Conference, the International Conference on Population and Development, the Copenhagen Social Summit, World Food Summit and the Human Settlements Conference.
Constituencies

WEF wants to incorporate “non-state” bodies – multinational corporations and civil society organizations -- into the formal global decision-making system. For analytic purposes, the definition of these “non-state” bodies has been troubling. For governance purposes, they are simply too ambiguous to provide a basis for an effective or legitimate governance system.

On the multinational side, these various enterprises do make an enormous number of decisions that affect the distribution of vital needs (e.g. the prices and quantities of food supplies);\(^1\) that set payments for labor (e.g. the push to drive wages down between different jurisdictions); that determine what products are traded in the market (e.g. the selection of products to manufacture and their technical standards); and that create de facto local governance arrangements (e.g. export processing zones and communities affected with the natural resource “curse”). However, these firms are reluctant to publicly define these corporate business activities as ad hoc global governance activities.

On the other “non-state” side, WEF proposes to formally elevate certain knowledgeable elements of civil society to be partners in global leadership. These Actors are seen as repositories of knowledge because they have access via personal and electronic networks to sources of information about the world that the existing fragmented institutions and corporate executives have failed to grasp. They also bring to the governance table an important ethical counterweight to more narrowly focused corporate leaders. WEF’s civil society representatives come from registered and non-registered NGOs as well as from the academic community, international media, international cultural communities, local neighborhood groups and religious communities. WEF’s leaders also know some civil society organizations and religious bodies could well challenge the logic and/or ethics of normal international corporate activities. Accordingly, Davos has been careful in selecting the ‘right’ civil society organizations to bring under the governance tent.

WEF’s dichotomy of non-state bodies into those that are clearly MNCs and those that are clearly civil society bodies misses crucial complexities in the current world. Not only are there state-owned public businesses, state-controlled companies and sovereign wealth funds that blur the line between nation-states and MNCs,\(^2\) there are also business associations that claim they are civil society organizations and civil society organizations that operate international business and financing ventures.

As with the definition of non-governmental organizations, the definition of ‘multinationals’ itself has been a contentious issue for over 50 years. From as early as 1973, the scholarly work on multinational corporations, such as that by Ray Vernon, struggled to define the term. In the political world, the United Nations opted to avoid the ‘multinational’ label, as the enterprises in question were not really from multiple countries. The nation-states at the United Nations instead elected in 1974 to use ‘transnational’ to reflect that these enterprises were working across national boundaries\(^3\). The lack of analytic clarity is one thing in academic and generic policy debates. It is quite another when the term is used to formally designate participants in a governance system.

The choice of the expression ‘non-state actors’ to describe both multinationals and civil society organizations allows WEF to minimize the profile and visibility of MNCs and their international market self-interests while suggesting a broader, more egalitarian engagement with civil society leaders.\(^4\) The asymmetry of organizational resources between MNCs and CSOs almost certainly precludes corporate executives and civil society leaders from sharing equitably in any process of global governance\(^5\). In this sense, those “non-state actors” WEF intends to have a predominant role in global governance are the representatives of multinationals corporations --whatever the definition of MNC one works with.
An inclusive definition of constituent groups for a new global democratic governance system might include a far wider diversity of peoples on the planet and all their plethora of cultural, sexual, religious, governing, and ethnic variations. Equally, it could have added ecosystems, biotic systems, and diverse living species which might appropriately have standing in global governance.  

Related Ideas: Missing sense of ownership; Strengthen UN with non-state resources

1. See also the report of the taskforce on water. “Critical gaps in international cooperation currently exist: • There is no international organization for water as is the case for health, weather, agriculture, etc. . . . The transnational corporations that trade, process and market food are key. Major agricultural firms and their national affiliates as well as consumer product groups need to be closely associated with this challenge. The choices made by the suppliers in their supply chains set both international and national standards.” Water Resource Group: Water Initiative and Global Agenda Council on Water Security, pg 144.

2. “ . . . State-owned and state-controlled companies and sovereign wealth funds, particularly those of China and Russia, are likely to play a growing role in global governance. These actors do not fit neatly into traditional categories as they are driven by a mix of political and economic considerations.” Global Governance 2025, pg 10

3. The shift in terminology from multinational to transnational might also have been influenced by the negative political connotations that then existed around the phrase ‘multinational corporation’.

4. As with other references to non-state actors, the GRI often means just the private sector. See “The rapid mobilization of military resources was a key feature of national security for more than a century. The rapid deployment of civilian capacities in fragile countries remains an afterthought. This needs to change, and it requires that state structures develop flexible arrangements with the private sector to identify the right talent pool, with appropriate incentives, so as to be able to deploy the right people in a credible time frame.” Enhancing Global Security By Lilia Shevtsova, Senior Associate, Carnegie Endowment for International Peace, Carnegie Moscow Center, Russian Federation, and Jean-Marie Guéhenno, Senior Non-resident Fellow, Brookings Institution, USA, pg 425

5. In one way, Shevtsova and Guéhenno suggest in their essay that there is an unusual symmetry. “Efforts to adapt institutions to post-Cold War dynamics have so far failed, and no power seems to have the capacity or the will to fill the vacuum. [created by the less assertive US]. Meanwhile, old conflicts persist and new threats are emerging. States remain the main actors in international security, but they are not the only actors, and in the absence of a new conceptual framework, their grip is weaker. New non-state actors (multinational corporations, international and national non-governmental organizations (NGOs), organized crime and terrorist cells) may topple the international chess board. The post-Cold War order is fragile and subject to rupture.” Enhancing Global Security By Lilia Shevtsova, Senior Associate, Carnegie Endowment for International Peace, Carnegie Moscow Center, Russian Federation, and Jean-Marie Guéhenno, Senior Non-resident Fellow, Brookings Institution, USA, pg 415

6. In the Rio+20 process (2011-2012), recommendations to have a UN high level representative for the future often included the responsibility for that representative to be a spokesperson for natural systems.
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Appropriate Constituent Groups for Each Multi-stakeholder Structure

Under multilateralism, the constituent global governance Actors are States. It is simple. All States can participate in international relations. Yes, there are some ambiguous cases (i.e. Andorra or the Vatican) and some highly political cases (e.g. Palestine and Taiwan). At the end of the day, it is relatively straightforward.

Not so with a multi-stakeholder governance system. In a multi-stakeholder governed world, it is not clear which entities are part of which category; how many separately standing constituent groups ought to exist within the ‘multinational’ or the ‘civil society’ category; which actual groupings of these categories and nation-states should be part of specific multi-stakeholder process; or, even, who decides which groups are in the process and which are out.

The answers to each of these questions have both a highly political character and a highly pragmatic element. The greater the number of independent stakeholder groups within a specific multi-stakeholder process, the less weight, all things being equal, any one group or sub-group has on the final outcome. Unless of course, the ground rules – who will make these groundrules? – establish a unanimous decision-making system. In this case, each stakeholder can block any decision.

In some cases, it might make sense to have sub-categories within the multinational corporate group or the civil society group. For a particular multi-stakeholder process, the multinational group might formally have six, eight or more sub-groups representing the distinct differences between investors, service providers, manufacturers from large economies, manufacturers from smaller economies, technology suppliers to the sector and finance houses. On the civil society side, there might also be multiple sub-categories say for women, for workers, for northern environmentalists, for southern environmentalists, for teachers, and for students. Then again, on the government side there might also be a series of sub-categories for governments from small island states, from land locked countries, from least developed countries, from OECD countries, from provinces/states, or from cities and towns. In a traditional democratic process, this constituent selection process is roughly equivalent to fixing the boundaries for electoral districts.

The political character is that some constituent groups want only other constituent groups to ‘be in the room.’ If their views are not given sufficient weight, they may well walk away, minimize the scope of the undertaking or insist on unanimity for every decision. Conversely some key constituencies might never be invited to a multi-stakeholder voluntary process, yet truly are likely to be seriously affected by a particular outcome or believe that they will be. A multi-stakeholder governance system allows no appeals against exclusion, except a public campaign to challenge the process or discredit the outcome. In this fashion, this pre-multi-stakeholder selection process can well determine the policy and program outcome of the undertaking as a whole.

Whatever method is used to select the categories and associated sub-categories of organizations to participate in a multi-stakeholder governance arrangement, it does not necessarily determine who actually represents that organization. If a firm or a civil society organization is a member of a particular category or sub-category, then is it the president of the firm, the CEO of the company, the board of directors, or the head of personnel that designates the individual person to attend meetings? In the case of nation-states, this process has a long procedural history involving the submission of accreditation documents to a senior United Nations official signed by the designated official on behalf of the head of state or government.

If the “member” of a multi-stakeholder group is a corporation or a civil society organization, then this process effectively elevates the concept of ‘corporate personhood’ to the international level. If, on the other hand, it is a
designated individual executive, then the transfer, retirement, or firing of that individual re-opens the selection/election process.

Even with all the academic strengths of their advisors, it seems that these basic constituency issues have not gotten the close political science scrutiny that one might have expected. The GRI report does not even begin a conversation on how to address these and other operational questions. What makes these policy questions and recommendations quite unusual is that they have no precedent in any existing national system.

Related Ideas - Annex C: Forms of multi-stakeholderism
Multi-stakeholderism

The term "multi-stakeholder" is heard differently by different stakeholders.

As noted earlier, WEF centers its multi-stakeholder concept on the multinational firm with other categories of stakeholders as peripheral to the firm. At the UN, the concept of multi-stakeholder engagement is centered on governments with stakeholder bodies playing a secondary role to the state. For example, in Agenda 21, there are nine discrete “non-state” groups 1 to represent what Schwab classifies as a one stakeholder group 2 called “government and society”. On the other hand, in Agenda 21, business is represented by its one group (“business and industry”) because the state is the central unit of governance and the other “non-state’ actors are non-commercial entities. In the Helsinki Process, the multi-stakeholder concept is clearly state-centric, but the language often refers to the other participants as “co-partners”.

The Global Compact, managed out the office of the Secretary-General, was created to function with four stakeholder groups – business, labor, civil society and the UN Secretariat. 3 The central focus for the United Nations Global Compact is not the nation-state -- they are not even members -- but the business community. Business groups predominate within the Global Compact. The current board (2012) of the Global Compact reflects this unusual situation. It includes twenty-three senior corporate executives from the business community category, four senior CSOs in civil society category, three UN officials, and one leader from the labor movement.

At the national level, ‘multi-stakeholder’ means something else. Its invocation enhances a call for greater disclosure of government documents, for greater citizen participation in the public hearings, and for stronger public campaigns against specific corporate activities. In practice, the concept permits a gentle work around of formal legal realities such as stockholders’ rights, election decision-making, and state regulatory authority. For example, the rights of stockholders in relation to management are clearly established in law; however classifying the multiple other constituencies that management should in some way listen to as ‘stakeholders’ legitimates their informal engagement with businesses without legally undermining the formal engagement of stockholders. The same holds true about elected national governments which, in principle, capture all legitimate interests but in practice has fossilized into a less than adequate representative system.

Each of these concepts of multi-stakeholderism has a central agent and a collection of formally recognized bodies that engage with the central agent for the primary benefit of the central agent. In Schwab’s Davos model the central agent is the corporation; in the intergovernmental process, the central agent is the state. While this certainly can produce ‘better results’ for the central agent, the enticement for the other stakeholders is that they get preferential access to lobby the relatively more powerful central agent.

One of GRI’s major recommendations is that experiences with “multi-stakeholder consultations” on global matters should evolve into "multi-stakeholder governance" arrangements. This transformation means that non-state actors would no longer just provide input to decision-makers (e.g. governments or multinational corporations) but would actually be responsible for making global policy decisions.

One way to understand WEF calls for “multi-stakeholder governance” is that WEF works with Schwab’s 1971 definition but that it hopes that governments and civil society will hear the Major Group-type definition. This would be in keeping with its introduction of the concepts of “non-state actors” and “geometry of cooperation.” When MNCs see an advantage in cooperating with multi-stakeholders, then they can espouse multi-stakeholderism to engage the state, the international system, civil society and other stakeholders. However, when it does not appear to be beneficial to ‘cooperate’, then the autonomous existing corporate decision-making system
can operate without a joint undertaking by all stakeholders. This opt-in and opt-out approach is the essence of the WEF’s volunteer global governing approach.

Their recommendations for multi-stakeholder governance include the introduction of parallel meetings with the governing bodies of the WHO, UNESCO, and FAO where non-state actors will hold independent sessions as a complement to the official government meetings. GRI also recommends a second new form of multi-stakeholder governance for conflict zones in developing countries. They propose that the non-state actors, particularly the business community, join with the UN system to jointly administer these conflict zones.

There are some sharp differences between "multi-stakeholder consultations" and "multi-stakeholder governance", some of which are often blurred by the loose use of the term "multi-stakeholder". Part of the definitional confusion emanates from the UN Charter language that creates non-governmental organizations in consultative status to ECOSOC. ECOSOC does not actually 'consult' these organizations, but rather gives its permission to these ECOSOC accredited NGOs to attend ECOSOC meetings and to meet one-on-one with delegates.

Related Ideas: Fisheries; Multidimensionality; Repositioning; Results-oriented coalitions; Nuclear fuel

1. Children and Youth; Farmers; Indigenous Peoples; Local Authorities; Non-Governmental Organizations; Scientific and Technological Community; Women; Workers and Trade Unions; Business and Industry.

2. See quotation from Schwab’s 1971 book at Multi-stakeholder governance model

3. “The Global Compact Board is a multi-stakeholder advisory body that meets annually . . . to provide ongoing strategic and policy advice for the initiative as a whole and make recommendations to the Global Compact Office, participants and other stakeholders. The Board is comprised of four constituency groups — business, civil society, labour and the United Nations — with differentiated roles and responsibilities apart from their overall advisory function. While the Board as a whole holds an annual formal meeting, the constituency groups are expected to interact with the Global Compact Office on an ongoing basis. The Secretary-General, the Chair of the Foundation for the Global Compact, the Chair of the Principles for Responsible Investment and the Executive Director of the Global Compact Office have ex-officio seats on the Board. The 31 Board members are champions willing and able to advance the Global Compact’s mission. . . . "Drawing in particular on the expertise and recommendations of its business members, the Board is also expected to play a role in the implementation of the Global Compact’s integrity measures. In addition to their overall Board responsibilities, the civil society and labour constituency groups are expected to provide close liaison to their communities and share with the Board as a whole, and the Global Compact Office and Inter-Agency Team in particular, insights into the most recent trends and best practices of corporate citizenship in their respective domains. . . .” Global Compact website, visited May 5, 2012, http://www.unglobalcompact.org/AboutTheGC/stages_of_development.html
Responsibilities and Obligations of Each Group of Stakeholders

There are challenging questions about the responsibilities and obligations of each group of stakeholders and each individual stakeholder involved in a multi-stakeholder governance arrangement. With the opt-in-opt-out feature inherent in GRI’s multi-stakeholder governance arrangements, these responsibilities and obligations questions are difficult to define,

Over the centuries, government officials, lawyers, university professors, and other experts have produced lengthy legal briefs on state responsibility and state obligations. As a supplement to these legal concepts, there is an extensive body of soft law statements on responsibility and obligation that emanate from intergovernmental declarations and from general national practice in legal matters with international actors. GRI’s proposal to move from “multi-stakeholder consultations” to “multi-stakeholder governance” unfortunately omits any discussion about obligations and responsibilities of a stakeholder group or individual members of a stakeholder group to other members of the multi-stakeholder group or to the wider world.

As currently constructed, ‘Non-state’ bodies which participate in a PPP are not obligated to implement the outcome of a given multi-stakeholder governance process. Without a legally binding partnership agreement, as would be the case for a commercial or professional partnership, the participants are not constrained to carry out the outcome. MNCs, nation-states, and CSOs, which are not part of the multi-stakeholder group, are even less obligated to meet the standards and practices established by a multi-stakeholder governance scheme.

If MNCs incurred responsibilities from joining a multi-stakeholder governance arrangement, then in civil law countries they might well be subject to enforceable civil sanctions. If on the other hand civil society had formal responsibilities inside a multi-stakeholder governance process, then these formal responsibilities are very likely to impinge on what are the legally recognized nation-state responsibilities or obligations. If states have different obligations and responsibilities inside a multi-stakeholder process from their existing nation-state requirements, then it may be difficult for state bodies to enter or exit from a multi-stakeholder governance arrangement.

Absent an articulated set of statements about multi-stakeholder responsibility and obligations, it is difficult to hold any of the participants to a level of accountability. If a multi-stakeholder process is not working well, individual stakeholders or groups of stakeholder can just drop out. If some of those impacted by the actions of a multi-stakeholder system want to inquire about the tempo of implementation, the financing arrangements, or the modifications of goals and objectives, the lack of a clear set of statements about multi-stakeholder responsibility and obligations can too easily permit one group of multi-stakeholder actors to point figures at another group of stakeholders or other individual stakeholders.

Consequently one significant effect of the proposed transformation from multi-stakeholder consultation to multi-stakeholder governance is that responsibility is so diffused that accountability virtually disappears.

The Readers Guide welcomes comments with alternative examples or counter examples and commentary – critical or otherwise – of the above interpretation of GRI’s perspective.

1. The Global Compact is one example. The original stakeholder group for trade unions now has only one trade union member. The other two members are business associations.
A Public-Private UN System

Allied with the concept of multi-stakeholderism is the concept of UN system participation in public-private partnerships. Since the mid-1990s, public-private partnerships (PPPs) have attracted considerable academic and political interest. At the Rio+10 Conference in Johannesburg, for example, the conference had a regular intergovernmental declaration (called a ‘Type I outcome’) as well as a series of announcements of public-private partnerships (called officially ‘Type II outcomes’). Here, the “public” was represented by some combination of a State agency, an intergovernmental organization, a regional alliance of states and/or a civil society organization, while the “private” was represented by one or more commercial entities, generally including at least a multinational corporation and an international or regional financing institution.

The various groups shared an expressed interest in a certain public-private goal. While GRI calls for a good number of PPPs and for science-based decision-making, WEF provides no hard evidence that the PPP structure actually delivers a public service interest in a more effective or efficient manner than current operating realities. ¹

In functional terms, public-private partnerships often mean that the state provides exemptions or special rules for a venture; the commercial enterprise offers access to capital and operating capacity; ² and the civil society provides a bridge between the State, the private actors, and the local community. The GRI’s Global Agenda Council on Humanitarian Assistance explains the relationship in this fashion:

- The business sector brings expertise, service delivery, efficiency and entrepreneurial drive. . . .
- The government/inter-governmental sector brings decision-making power, legitimacy, visibility, policy frameworks and enforcement, together with unparalleled funds. . . .

[and] The not-for-profit, civil society sector, embedded in local communities, brings local knowledge and networks, participation and passion, direct contact with need and its own capacity for effective mobilization and delivery. ³

However these “partnerships” are neither ones with a formal legal status nor ones initiated by a formal commitment ceremony greater than a press release. What is not shared between the three parties is the economic benefits and the political risks. With a successful project, the commercial partner would generally gain market share, revenue, or profit. When a project does not meet its public goals, the political risk is largely carried by the State agency and the civil society organizations.

Consequently, the selection of non-state partners is a crucial element for the nation-state side and for the UN system. Some firms are prepared to work in the public interest, as defined by various intergovernmental decisions and national standards. Some firms and civil society organizations, however, act in quite unscrupulous manners and are involved in high level corruption. Some firms use marketing and production practices that are morally reprehensible. And some firms develop socially responsible products and services specifically designed to meet basic needs in developing countries. Unfortunately, nowhere in GRI are there recommendations for how to appropriately select or de-select the non-state partners.

Given the lack of a monitoring process or an international court system, it is hard to assess precisely which non-state Actors are on the good side of development and global governance and which are not. WEF’s open-ended call for the UN to form UN-private sector partnerships leaves the UN in a highly vulnerable position, as it has limited possibility to screen out unscrupulous partners. ⁴

The GRI’s proposals for the UN system build on the practice of domestic PPPs as well as on pre-existing institutional arrangements between the United Nations and the corporate sector. Its arguments for a public-
private UN system include increasing MNC and CSO involvement in program implementation, increasing MNC and CSO involvement in funding programs, and increasing MNC and CSO presence in intergovernmental meetings. The logic behind joining a PPP with the United Nations, from a private firm’s perspective, is that the firm can pick and choose which international programs it supports and can then use the UN system to improve its market position, its corporate reputation, and/or its investment opportunities in areas where the UN shares a common goal. If the project works well, then the firm is in a stronger financial position. If it fails, then the UN is seen as failing in its mission and has to absorb the public displeasure in the failure.

This arrangement has been partly tested in the case of the Global Compact. The individual Global Compact firms participate under the UN umbrella with virtually no obligations, except to make a nominal payment for participation and to provide a report on some of their socially beneficial activities. When it is advantageous, the firm can point to its connection to the UN to support challenges to its reputation or to gain access to a domestic political environment. When there is no commercial advantage in, say, implementing the Millennium Development Goals, the firm can self-declare that these activities are the responsibility of governments or the United Nations system. To date (2012), the Global Compact office has not devised a satisfactory way of vetting corporate members of the Compact. Over the years, the Secretaries-General have gone to great lengths to prevent the intergovernmental processes from reviewing both corporate involvement in the UN and the structure of the Global Compact. While GRI explicitly proposes to involve corporate executives in the development of international policies and the delivery of aid programs around the world, there is no consideration of the effects that this might have on maintaining the legitimacy and integrity of the UN itself.  

Related ideas: Dual-oversight agency; Informal conference planning; Public-private; Strengthen UN rule-making and capacities; Challenges to UN system; Participation; Health issues; Fair representation in global decision-making

1. “...assessments of the advantages of global partnerships and multistakeholder approaches are for the most part not based on empirical research, and the widely-held notion that there is no alternative is often no more than a profession of faith.” FES – Multistakeholder, pg 34

2. In a good number of cases, the MNC sees that the State could be the source of part of the investment capital or a guarantee for corporate loans for the project. “One of the main arguments in favour of multistakeholder partnerships is that through the involvement of non-state actors, urgently needed additional financial resources can be mobilised. But in practice, so far this has clearly only been the case to a very limited extent. In particular, the hope that partnerships could generate significant extra funds from the business sector for environmental and development purposes has not been fulfilled. …. Of the resources pledged till 2004 for the Type-2 partnerships of Johannesburg ($1.02 billion) about 83% was from governments, 15% from international organisations, 1% from NGOs and only 0.9% from the private sector” FES – Multistakeholder, pgs 42-43 citing Hale/Mauzerall (2004), p. 235

3. “The Council’s approach is to invest in a partnership that would bring together the three key groups of actors – business, the government sector including inter-governmental organizations, and the not-for-profit sector of NGOs and community organizations. Each point of this triangle – each group of actors – brings different strengths to the table: • The business sector brings expertise, service delivery, efficiency and entrepreneurial drive. Business is increasingly “development-minded”, bringing new ways of working into the heart of the business. • The government/inter-governmental sector brings decision-making power, legitimacy, visibility, policy frameworks and enforcement, together with unparalleled funds. Investment in disaster preparedness and recovery has fallen behind, however. The Council therefore calls for greater commitment of donor funds to these areas. • The not-for-profit, civil society sector, embedded in local communities, brings local knowledge and networks, participation and passion, direct contact with need and its own capacity for effective mobilization and delivery.” New Humanitarian Business Model, the Global Agenda Council on Humanitarian Assistance pg 209
4. “. . .it is particularly problematic for the UN to collaborate with partners whose activities contravene the UN Charter in spirit, who are responsible for violating UN norms and standards and who are repeatedly subject to public criticism. It reflects badly on the UN and damages its reputation.” FES – Multistakeholder, pg 37

5. “The explosive growth in partnerships can lead to isolated solutions, which are poorly coordinated, contributes to the institutional weakening of the United Nations and its specialised agencies, and hinders comprehensive development strategies.” FES – Multistakeholder pg 5
Non-State Actors as Policy Makers

In Tool Three\textsuperscript{1}, WEF wants to formalize multinational corporations and other non-state Actors as legitimate global policy makers.

What WEF misses is that many necessary and wise reforms proposed over the last 50 years to guide the evolution of globalization have been aggressively fought off by multinational corporations, multinational banks, and their trade associations. These corporate governance Actors have consistently opposed any international agreement on business ethics, any standards-based legal investment regime, any requirement that anti-corruption agreements apply to business-to-business transactions or any clear globally consistent accounting rules.

Their central objection has been a claimed threat to the independence of the international marketplace. From the International Chamber of Commerce attacks on the Center on Transnational Corporations (1978 – 1993)\textsuperscript{2}, from the abandonment of soft law standards for multinational corporations in the Rio Conference’s Agenda 21 (1992)\textsuperscript{3}, to the exaggerated critique of the Norms on the Responsibilities of Multinational corporations at the Sub-Commission on the Promotion and Protection of Human Rights (1998 – 2005)\textsuperscript{4}, the business community has thwarted efforts to define a socially and environmentally sensitive set of rules for economic globalization.

Even on more limited sector policy issues, corporations have fought to undermine global standards\textsuperscript{5}. Yet the major premise of the GRI’s Tool Three proposal is that multinationals firms should have a greater say in global rule-making in order to make the world a better place.

WEF apparently assumes is that enough ‘good’ companies will get actively involved in global governance to counter the campaigns and investments of ‘bad’ companies. This presumes two fundamental shifts in thinking – that a significant number of MNCs will move away from short-term thinking to a longer term strategic approach and that some form of ‘discipline’ (to use WTO vocabulary) or some form of market price disincentive (to use WEF vocabulary) can be created to contain the misadventures of ‘bad’ businesses.

Without some form of an international business court or quasi-sanctioning system, it is hard to see how to keep ‘bad’ enterprises out of the intergovernmental system or to curtail them from further endangering stability of globalization. Welcoming these ‘bad’ non-actor actor into the policy making sphere surely cannot enhance the legitimacy of globalization or evolution of god and effective programs at the international level.

1. “deploy this augmented institutional geometry in a results-oriented push to accelerate progress on individual priority challenges.”
2. The author of the Readers Guide was a staff member of the UNCTC for most of this period.
3. Add citation to 1995 article
4. \url{http://www1.umn.edu/humanrts/introduction05-01-02final.html}
5. e.g.: Nestle on breast milk, the tobacco industry on advertising for smoking, Union Carbide on industrial safety obligations, Exxon on marine shipping standards.
WEF’s over attention to “effectiveness” as a key missing element in global governance limits the relevance of its proposals.

Public frustration with an international system comes from three directions, none of which are truly addressed by WEF’s concept of “effectiveness.” Some are frustrated with the international system because urgent state functions in the international arena are not solved by the UN system. There are wars and the UN cannot stop them. There are major ecological catastrophes and the international system cannot get relief supplies into the affected areas fast enough. There are starving people in Africa and the IGOs do not prevent their unnecessary deaths.

The effectiveness of the UN system -- or its lack of effectiveness -- is directly derivative from the way nation-states created and financed the international system after WWII. Governments insisted that the international system take on problems with a far greater scope than they were -- or are --willing to provide the resources to address the challenge. One legacy of this unbalanced approach is that the wider public sees a task as a UN responsibility but observes only minimal results of the UN engagement in the issue. This nation-state failure becomes in the public eye evidence of an ineffective international system.

The second form of ineffectiveness for many is the failure of the international system to rein in the power of former or current aggressive nation-states. If a permanent member of the Security Council (a P5 country) wants to send troops to a small state, the UN is ineffective in stopping it. When one nation-state extends its sovereignty to provide cover for terror prisons, 1 for tax avoidance, 2 or for ecological damage, 3 then the state-based international system is seen by many as failing to deliver a self-policing international system. As one of WEF’s concerns with the current global governance system is the shift of power away from major Northern governments, it is not surprising that they do not address the ineffectiveness of the international system to hold large states accountable for their behavior towards other, smaller states. 4

The third perceived failure is that the existing intergovernmental system has not been effective in setting norms for legitimate behavior in the international market. Domestically, governments in the North and South are expected to write laws, have regulations, and operate an enforcement system that keeps the private sector within acceptable ethical, market, and social bounds.

The analogous function on the international level has been blocked in every direction. In the last 40 years, major firms and major states have made sure that the UN system does not promulgate corporate standards or adopt even soft law declarations that could provide the basis for future international standards. These firms and states have resisted even a department to study the effects of multinational corporations on the global economy and on development, except for the period when the small Centre on Transnational Corporations functioned. This limitation has ensured that there is not even an ombudsman’s office or a judicial system for communities and peoples to bring specific claims about corporate misbehavior to international attention. This element of ineffectiveness of the international system is clearly not in WEF’s sights if, for no other reason, that its major participants are from the corporate community. Instead, the closest WEF gets to addressing the lack of ethics of multinational executives is to propose that its youth leader group develop a corporate executive Hippocratic Oath and to have corporate executives work closely with more ethically-minded CSO leaders.

GRI does use the “ineffectiveness argument” against the UN system in two different ways. First and foremost the ineffectiveness argument is used to nurture the frustration with the UN, with universal negotiations, and with the
state-centric model of global governance. This allows GRI to point out the weaknesses of the existing UN system as a means of garnering wider public support for its new approach.

Its other use of the “ineffectiveness argument” rests on a generalized assumption that the business community is truly effective. What is interesting here is that any claim to business effectiveness and efficiency rests on handling products, technologies, and services, not on any demonstrated abilities in policy development or management of social change. In effect, GRI nurtures the public mystique that somehow market effectiveness can be transferred easily to the political arena.

Related Ideas: When obligations and norms Are ‘not possible’; Assessing data; Benchmarking

1. e.g. moving citizens from country to country to ‘question’ them on terrorism.
2. e.g. the tolerance of tax havens that deprive nation-state of revenues from their elites to meet domestic.
3. e.g. controlling emissions from shipping lines with the acceptance of flags of convenience.
4. Note exception for WTO Dispute Settlement Body which is open to all WTO parties. However the major countries have resisted ‘borrowing’ this model in other intergovernmental fora and the DSU enforcement penalty system is one-sided. It works only for large exporters and roughly equivalently-sized exporters. It does not really work for small exporting countries who gain a court decision over large exporting country.
Fixes to the G20

WEF has high expectations for the G20. In their view, it should be the new political leadership body for all nation-states and the premier body to guide the international community and the international market.

To date the G20 has had one extraordinarily successful meeting in London in 2009 in which it provided much needed global economic leadership in responding to the 2008 financial crisis. In London the G20 took on unauthorized global executive authority. It gave instructions to the IMF without bothering with its executive board, directed the transformation of the Financial Stability Forum into the Financial Stability Board (which occurred in one day), and set in motion work by the Bank for International Settlements (BIS) to develop internationally coordinated banking regulatory standards.

Despite that productivity in 2009, the G20’s accomplishments were not particularly significant at the following three meetings. 1 The next time there was a major financial crisis around European banks and nation-state debt (2011) the G20’s efforts at leadership failed completely. The G20 could not reconcile the macroeconomic and political self-interests among the G20 countries or the financial conflicts between the international finance sector and the finance ministers of key G20 countries. In the summer of 2012, the US reverted to the G7/G8 in an attempt to provide international leadership to address the economic, social, and political fallout of the European banking crisis.

The G20’s leadership role in non-finance areas has not been significant. In climate it has been negligible 2; its response to the current hunger crisis has been limited to good words; it had no meaningful role in the preparation for the Rio+20 conference (June 2012) 3; its engagement on protecting global public goods has not been noteworthy; and it has been silent on all pressing military matters (e.g., Afghanistan, Syria).

The G20 does represent considerable concentration of state-centric power. However, even with the G20s’ considerable state-centric power, it does not appear to have the leverage to effectively control international corporate-centric power. This weakness means that the G20 may well provide periodic direction to some states and some parts of the UN system, but it lacks sufficient clout to provide consistent leadership to the capital markets and to other nation-states.

Related Ideas: Added Leadership; Early harvest; G20 Stewardship; G20:Top-Down; G20+ECOSOC; Informal Gatherings; Reconciliation; Anchoring the G20 inside the UN; Financial risk watchdog


2. The Scotland G20 meeting (2009) had before it a policy option paper on the financing a future climate regime. They did issue a statement but it provided no clarity on how the G20 or the UNFCCC could help finance any costs related to climate change.

3. Less than a week before the Rio+20 conference, the G20 declaration in Mexico only this to say about the conference. “We commit to continue to help developing countries sustain and strengthen their development through appropriate measures, including those that encourage inclusive growth. We will reaffirm our commitment to sustainable development at [Rio].”, para 70 . G20 Leaders Declaration, 18-19 June 2012 http://g20.org/images/stories/docs/g20/conclu/G20_Leaders_Declaration_2012_1.pdf (accessed Aug 15, 2012)
Internal and External Effectiveness

It would be incorrect to see the G20 as a high level homogenous intergovernmental body. Some of this derives from its foundation as a successor to the G7/G8. Some of this comes from its origin as a former ad hoc meeting of central bankers and ministers of economics.

The legacy of the G7/G8 history in the G20 means that the G20 has a G7/G8 friendship circle. The prior decades of the G7/G8 gave these participants in the G20 an extensive and complex set of personal, institutional and historical connections. The new ‘friends’ have to break into the game by sheer force, by personal esprit, and/or by creating alliances between the new arrivals. One alliance between the new friends at the G20 is the BRIC (Brazil, Russia, India and China). The BRIC friends group means that the other eight new members need to establish their own presence inside the G20. As Woods and Mahbubani note in their essay, “G20 was convened in November 2008 in place of what normally would have been a G8 meeting. Newcomers were let into the cockpit of global economic governance.”

The effect is that the North/South divide was partially replicated inside the G20, which now has a four tier social structure- the dominant OECD country members of the old G7, the other OECD country members of the G7/G8, the BRIC friends, and Southern non-BRIC countries.

This stratification and exclusion are not, however, as extreme as that faced by the other 174 countries of the world. Quoting Woods and Mahbubani again, “For poorer developing countries this might well mean they are yet further marginalized from global decision-making, since the emerging economies have their own interests to represent and less incentive to voice a collective Southern view.”

The marginalization of the other 174 countries from global decision-making goes beyond their exclusion from the G20 club. Since the G20 members are also members of the UN community, the G20 countries can block international consensus on any matter that they wish to handle within the G20 framework or in other “coalitions of the willing and able.” By narrowing the issues on the UN agenda for all countries to address, the G20 process hinders the development of universally effective outcomes on important public policy issues.

As the G20 grew out of a series of meetings of economic ministers, there is a strong hard economic bias in the current G20 organization. At the national level, economic and trade ministries are clearly the dominant national departments. They tower over offices involved in foreign affairs, labor, environment, education, health or human rights. The consequence of G20’s economic ministry history then is that the criteria to select member countries and the worldview of the senior advisors to the G20 are quite narrow. When the G20 looks down upon the world, it is more inclined to see the world as a series of economic forces, rather than as a series of human interactions, inter-related ecosystems, or as a world populated predominately by very poor people.

With this G20 history, it is not clear how WEF expects that the G20 with all of GRI’s improvements could plausibly strengthen the legitimacy of the next phase of global governance or make the management of the globalization more effective.

1. Building Effective Institutions in an Empowered Society, by Ngaire Woods, Professor of International Political Economy, University of Oxford, United Kingdom, and Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy, Singapore, pg 340
2. Building Effective Institutions in an Empowered Society, by Ngaire Woods, Professor of International Political Economy, University of Oxford, United Kingdom, and Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy, Singapore, pg 340
3. Global Agenda Council on Employment & Social Protection sought to re-align this macro-economic balance in their proposal for a pro-labor G20. “Our proposal is to establish a G20 framework of action on employment and social protection that would bring together G20 labour, development and finance ministers with the overarching aim of providing a governance structure focused on delivering employment and social protection policies to create jobs in the short term and produce more equitable outcomes in the medium term. “, pg 78 Creation of a G20 Framework of Action to Mainstream Employment and Protection
GRI's multi-stakeholder governance system allows MNCs and civil society organizations to pick and choose which multi-stakeholder governance projects they want to identify with and which they don't. The net result is that voluntary multi-stakeholder governance regimes are an opt-in-opt-out governance system with a high degree of built-in inefficiencies.

In line with the experiences of PPPs, MNCs can join a multi-stakeholder process if and when it looks lucrative or provides other benefits to the firm. A civil society group may join a multi-stakeholder process and then subsequently decide that they have other priorities for their financially constrained organization. A Government body may choose to participate in starting a multi-stakeholder process to gain public visibility but not have the energy or resources to engage actively in the process. As all participants are voluntary actors, all of them can withdraw whenever they wish.

If a major economic actor or group walks away, it can leave the remaining state bodies, international organizations, or the civil society groups with the political liabilities for a perceived failure. If a significant civil society group withdraws, it can change the balance of power within a multi-stakeholder process.

There are four components to this opt-in-opt-out global order. First, GRI argues in Step One and Building Block Three that the new “geography of cooperation” and “coalitions of the willing and able” can replace the work of developing and implementing obligatory instruments of international law. A handful of companies or a handful of countries working with some MNCs and few CSOs can make global deals, and everyone else is expected to recognize that these arrangements are legitimate global arrangements (i.e. see for example the sequence of steps GRI recommended for Rio+20).

Second, GRI welcomes voluntary undertakings by nation-states as a replacement for internationally agreed conventions and conference outcomes. These voluntary nation-state announcements of policy are not complementary to international agreements but are instead intended to supplant formal intergovernmental outcomes.

The best known recent case was the transformation of the expected new climate change agreement in Copenhagen 2009 into a declaration of voluntary national initiatives known as the Copenhagen Accord. What is striking about the Accord, as well as other such voluntary nation-state listings of commitments, is that the text sets out a goal that is not met by the total of the listed commitments. It is more important to retain the completely voluntary nature of the commitments than meet the self-declared goal. At no point did the Copenhagen Accord participants say that, as this does meet their ‘shared objectives’, the participants need to push each other to make greater commitments.

As a replacement for legally binding agreements, GRI seems to be seeking greater effectiveness in pulling together a limited number of actors than greater effectiveness in actually solving global problems.

Third, GRI allows that MNCs and CSOs can self-select to participate in a particular PPP or global governance arrangement. If they do not voluntarily join, that is perfectly ok. If they do participate in a multi-stakeholder governance arrangement and they don’t like the direction it is taking, they are free to drop out. This opt-in-opt-out form of governance allows the greatest number of committed Actors to work together less hindered by Actors whose presence would be required by a full global inter-state agreement.
The fourth component of this approach is that it lowers the public expectations of nation-states and MNCs. Currently governments at various UN forums adopt declarations or standards for a particular policy area. While these resolutions are not legally binding, they do provide the public with explicit criterion by which to judge the performance of nation-states or other Actors. GRI makes this particular point by reverse praise. It says in Step Two\(^1\) that it wants to strengthen the nation-state but then makes absolutely no recommendations to strengthen the nation-state in international or domestic governance. While in Tool One WEF says it wants to extend Intergovernmental norms and legal frameworks, it again makes no recommendations for new norms or legal frameworks from the UN bodies.

An Opt-in-Opt-Out global governance system moves the world away from one of ever expanding stability from the rule of law to one that is increasing based on ad hoc and temporary arrangements. The net effect is that what was a consultative mechanism becomes a now-you-see-it-now-you-don’t governance structure when it suits the non-state Actors because in most cases the governance obligations still remain with the nation-state.

Related ideas: Limitations of universal frameworks; Multidimensionality; Nuclear fuel; Nuclear terrorism; Plurilateral; Public-Private; Redefinition; Repositioning; Results-oriented coalitions; Trading regime; Strengthen UN with Non-State Resources

1. Incidentally, the volunteeristic framework in GRI may have led to a Freudian mistake in its history of climate change process. The GRI report refers correctly to the 2009 Copenhagen Accord, a voluntary climate undertaking completely in line with the Davos approach. In the same paragraph the GRI refers incorrectly to the Kyoto Protocol, a legally binding agreement, as the ‘Kyoto Accord’ . see Samans, Schwab, and Malloch-Brown introduction pg 33 . “. . . the Rio conference resulted in the United Nations Framework Convention on Climate Change, the precursor to the Kyoto and Copenhagen Accords, . . . During this period, there have been numerous successes of international cooperation large and small, including the Montreal Protocol to phase out ozone-depleting chlorofluorocarbons, the stabilization of numerous species threatened with extinction and even the Kyoto Accord itself.”

2. “strengthen the state-based part of the system where its rules and capacities are inadequate, while expanding the geometry of cooperation to capitalize on the wider availability of non-state expertise and resources.”
Fear of Enforcement

While strongly concerned with the effectiveness of the international system, the Davos world nevertheless is fearful of international enforceability.

In their view, MNCs should not be obligated by nation-states, by CSOs, or other MNCs to behave in a given way. Further because of this new ‘geography of cooperation,’ nation-states should not need to set up international procedures to sanction non-complying nation-states or CSOs.

This fear and avoidance of enforcement is heard in the claims to loss of sovereignty by nationalist groups whenever the UN system is advanced as part of the solution to an international problem. It is heard in the claims for the efficiency of self-regulation by leading MNCs. It is reflected in the assertion that developed countries should not be held accountable for the non-implementation of their own declarations. The latter assertions include OECD responses to their non-implementation of Millennium Development Goals (MDGs) and the G20 defense for ignoring its oft repeated African support commitments. ¹ And it is quite clear in GRI’s call for multi-stakeholder governance: All relevant institutions can participate; no relevant institutions can be sanctioned or constrained.

Woods and Mahbubani in their Everyone’s Business essay summarize this approach in this manner.

> Global institutions exist to facilitate cooperation among governments, firms, and other social groups. They might simply be shared rules or norms. They can also be formal international organizations which help governments, firms, and other groups share information, build up technical expertise, forge shared norms or rules and make decisions to act upon them, monitor compliance, and (very occasionally) assist in enforcing mutually-agreed rules. ²

In GRI’s world, this fear of enforcement and spirit of volunteerism undermine a search for enhanced effectiveness in global governance. How can the GRI be serious about creating a more effective system if it makes no recommendations for accountability and enforcement?

Related ideas: Financial Risk Watchdog; Results-oriented coalitions; Sweeping changes; Push for results


2. Building Effective Institutions in an Empowered Society, by Ngaire Woods, Professor of International Political Economy, University of Oxford, United Kingdom, and Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy, Singapore, pg 337
Fixes to the UN

While Tool Two calls for reinforcing the intergovernmental institutions, the GRI fails to offer recommendations on how to make the existing intergovernmental system more effective.

Such recommendations could have addressed how to re-balance the UN Charter bodies to have a more effective role in managing globalization, how to better align the specialized agencies and the BWIs with the ECOSOC, and how to change the method of financing for UN system bodies. For example, there are no proposals to fix the lopsided voting arrangements in the Security Council, to enhance the UN structure to have as stronger role in economic, social, and environmental fields, nor to secure and stabilize the resources needed to deal with long-term and urgent social, humanitarian, and environmental needs of developing countries.

GRI does observe that the international organizations are dysfunctional because of the separate lines of communication that exist between different national ministries in the capitol. It did not follow up on that observation to suggest a restructuring of the twenty-five plus legally separate organizations, each aligned with different national ministries, into one common governance system.

GRI noted that there are inadequate incentives to address complex global issues in the current system. It did not follow up on that observation either. It offered neither market-based nor non-market based incentives to encourage nation-state officials or international civil servants to grapple with tough cross discipline global policy matters.

GRI stated in Tool One that there is a need to strengthen intergovernmental norms and international legal frameworks, but it presents few new normative or legal proposals.  

When the UN was being designed, the focus was on the prevention of catastrophic world wars. After the Security Council and its mandatory authority were agreed, the ECOSOC was added to “coordinate” economic and social activities without the mandatory authority of the Security Council. Today we live in a different world and the functions of the Economic and Social Council need to be moved to the forefront as issues for a new international governance system.

The number of potentially catastrophic risks today that need conscious management is staggering. These range across almost every area of global public policy, from tsunamis to melting land-based glaciers, from currency instabilities to credit default swaps liquidity shifts, from gender-based violence to international organized crime, and from climate induced migration to storm surges in low lying areas with high populations. In none of these globalized problems areas is the existing inter-state system - or the proposed GRI governance system -- able to absorb the shocks, reallocate financial resources, and then command effective engagement of governments, businesses, and other crucial actors to respond to the problem.

Related ideas: Added leadership; Assessing data; Benchmarking; Education; Enabling Action; Expanding labor; G20+ECOSOC; Informal conference planning; Informal gatherings; Public-private; Worker protection; Strengthen UN rule-making and capacities; Strengthen UN with non-state resources

1. The exceptions are calls for an ocean Interpol body and for a new ocean agreement.
Non-State Actors as Program Implementators

GRI’s Tool 4 urges multinational corporations and other non-state Actors to join with the UN system to implement UN system directives. At the moment, governments often authorize new organizational mandates without providing the necessary cash to the appropriate regular UN system budget. Or, as some OECD governments argue, they will not approve new mandates precisely because they have no intention to pay for them. In this context, GRI proposes to have the UN welcome ‘free labor’ from the non-state side.

This proposal has a long history. From 1966 to 1978, the FAO hosted an Industry Cooperative Programme that added industry executives to FAO teams working on development assistance projects. In the 1970s and 1980s, USAID underwrote a similar NY-based version which worked with UNDP. In the 1990s and 2000s, a high level advisory group to UNDP proposed this as a model for all forms of UN development projects. At the World Bank group, the International Finance Corporation provides resources to multinational corporations to invest in selected development projects. In general, the concept of getting the business sector to operate as a team member of a UN-led development project or as a lead financial partnership with the UN is not a new idea.

Given this long history, Everyone’s Business could have evaluated the strengths and weaknesses of various forms of non-state implementation of UN mandates; instead, they simply provided a cheerleading call for greater MNC and CSO involvement in UN programs.

The relative asymmetrical access to expertise and resources by MNCs and CSOs has quite clear consequences for UN program engagement. CSOs and universities may temporarily be able to provide technical advice, but only MNCs have the ability to loan full time staff and significant contributions to implement those programs that they approve of. Firms are likely to loan senior executives or technical experts to a UN team if they perceive a market opportunity that is stronger than their own marketing efforts can provide, an opportunity to counter a marketing campaign by a competitor or an opportunity to strengthen long-term benefit for their market segment (e.g. increased enforcement of an intellectual property regime). Civil society organizations are unlikely to be able to loan staff to an international teams without external funding. That would make the civil society participation dependent on bilateral or multilateral funding, foundation grants, or corporate underwriting.

Ironically, the results of Tool Two engagement may well weaken international organizations. UN system staff without additional resources will have to supervise or coordinate non-state Actors in implementing intergovernmental decisions. Consequently, without supplemental government-provided resources in the UN system budgets, implementing any new institutional mandates will be further in the hands of external Actors, whatever their capacities.

The expertise from non-state Actors will vary considerably with the task. The more technical the task, the more likely it is that corporate experts can make a significant professional contribution. For example, if the development project involved the construction of a port, a good number of a well-trained corporate engineers, draftpersons, shipping specialists, and marine supervisors can provide invaluable assistance to the UN system team. If the development project calls for a structural change, say, a way to address class and gender bias in small scale fishing, there is little in day-to-day experience or professional knowledge of corporate experts that is likely to assist a coastal community in a developing country. Rather, as corporate advisor are likely to recommend firm-centered solutions, the UN system team may have to constrain some of these experts’ recommendations.

With civil society program implementers, there is a similar management challenge for the UN system team. They are more likely to recommend transformations in line with their organizational specialty, e.g. those from
biodiversity organizations may well want to focus more on estuary protection than on gender equality in the fishing community. These operational difficulties already present challenges for the budget-constrained UN system to deliver sound country, cultural, and economic specific technical assistance to developing countries.

The addition of ‘free staff’ does not necessarily increase the effectiveness of international agencies nor contribute positively to development.

1. “integrate non-governmental resources to strengthen policy implementation”
2. In June 2012, the WEF “Friends of Rio+20” asked government leaders to take two specific actions. The second action was to “invite multistakeholder, multi-country coalitions of the willing and able actors to undertake sets of actions to help achieve [the conference] goals.” World Economic Forum press release, June 2012, ‘wef.ch/friendsofriomessage’
4. “reinforce the capacity of intergovernmental institutions”
How one defines a problem often defines a good deal of its potential ‘solution’.

The World Economic Forum set out to respond to the 2007/2008 financial crisis and all its unexpected and unwanted consequences. Not surprisingly therefore, the central thrust of the GRI was on the macro-economic and social fall out from the financial crisis. They also, as noted earlier, took the opportunity of the GRI project to examine an impressive range of other issues. A summary of the issues is in Readers’ Guide section entitled “From traditional governance to a new global governance through the eyes of the GRI.”

There are other global structural crises that the current global governance system cannot seem to manage. Each of these issue areas on their own could justify a new -- and a different -- form of global governance.

The three of these other crisis are the prospect of passing a number of irreversible planetary-wide ecological tipping points from human-induced activities; the destabilizing and destructive effects of unrestrained militarism; and the overly rapid increase in global economic and related inequities.

In the first instance, human activities are now recognized as a cause of systematic ecological threats to our planet’s ecosystems. However, the nation-state departments assigned to ‘manage’ the environment and international agency assigned to work with these departments are relatively weak governmental and intergovernmental organizations. In short, the scale of anthropogenic impacts on the planet is out of proportion to the governmental, corporate, or community governance systems which could possibly mitigate these impacts. In the climate governance area, there is simply not sufficient national or global public policy tools to move the global economy and all the related business systems away from a system that generates a vast amount of greenhouse gases to one that has a low carbon based energy system. Without some new form of global environment governance, there is little likelihood that the global community can prevent the human-driven climate change and ecological mismanagement from passing a number of irreversible tipping points.

In the second instance, the unrestrained NATO wars of choice in non-Western countries means that the Isaiah message inscribed on the wall across from the UN headquarters – the one about turning spears into plowshares--remains far from reality. The Security Council, with its five permanent members and the militaries of those countries, have restrained armed conflicts in many places of the world. However, the Security Council and other governance Actors are unable to restrain military engagements and threats of military intervention by the Permanent Five members themselves nor curtails arms exports from these countries. The consequence is a series of deliberate regional/global wars where one or more of the P5 are central combatants or suppliers of military hardware.

This level of ‘acceptable’ militarism by P5 members and their immediate allies means there is no end to continued militarization of international relations between other neighboring states and no end to intelligence operations, invasions and the like in other relatively weaker non-Western countries. Militarism also causes very significant economic distortions in domestic economics of a number of major countries from ‘wasteful’ levels of military expenditures. In a number of countries, these military-related distortions make it difficult to recover from the current global financial crisis.

In the third instance, the current globalization process has increased global, regional, and national inequalities to such an extent that the underlying structures of global society is at risk. WEF partially recognizes this structural threat by their concern about the perceived illegitimacy of globalization. In 2000, the Heads of State at the
Millennium Assembly and the Secretary General’s office developed the Millennium Development Goals as a way to focus attention on the need to rebalance global economic, social, and health inequalities. However the lack of a global governance structure focused on human equity, as naïve as that sounds, meant that MDG project floundered. ¹ There simply was no governance force -- be it a nation-state, a corporation, a civil society organization, or a combination of these institutions -- that could get the other actors to move on reducing the maldistribution of education, health, water, housing, and related basic needs.

Leaving aside all sorts of other factors, the continuing Northern financial crises alone would now mean these MDG goals could not be met with the current governance system. And many of the interventions taken to contain the current financial crises have increased economic inequalities in assets, income, and living standards. When increasingly large proportions of population cannot see any way that the global institutions are likely to bring significant health, education, employment, and housing to them in their lifetimes, the fabric of society is at risk.

None of these issues were properly covered by the GRI project. If these other systematic crises were given a more attention, then the recommendations may well have taken quite a different direction.

¹. The national departments for official development assistance and the various multilateral organizations assigned to focus attention on development are also relatively weak components of the current governance system. The exception is the World Bank and the regional development banks.
Democracy and Equity

The democratic deficit in developed and developing countries is one key element in the loss of legitimacy by governments and the intergovernmental system. Rectifying the democratic deficit on the international level is particularly difficult. The strongest democratic procedures and principles at the international level are the one-country-one-vote principle and the procedural rule books that protect the rights of smaller states in the UN.¹

GRI makes only a passing reference to the concept of ‘democracy’². This omission may well be due to the fact that democracy is not part of the Davos culture. As the self-published history of WEF observed:

   [Since the second Davos], the Forum continued to be selective, inviting only the CEOs of major companies. Invitations were personal and not transferable. Maintaining exclusivity would remain a steadfast practice of the Forum and a hallmark of all its meetings.³

In this context, it is consistent that WEF looks toward an elite global leadership body, the G20, to develop global aspirations, goals, and standards. WEF and the GRI do not look toward a people-centered ethics, toward a nature-sensitive ethics, toward a peace-centered ethics, nor toward a worker-centered ethic. Democracy and equality are not key aspirations in WEF’s view of the next global governance system.

The concepts of development and sustainable development do appear in recommendations from the task forces, but are not guiding principles in the core introductory papers.

‘Democracy’ and ‘equity’ mean different things in different national contexts. Intrinsic to both concepts is that there will be significant local variations within the institutional structures, the principles for representation, the fundamental legal regime and working ground rules for an equitable democracy. Some of these variations can be based on different cultural practices, on different historical experiences or on different ethical norms; some of the variations are political compromises derived from the balances of economic and social forces at the birth of the democracy; and others are the results of subsequent power demands to increase the degree of democracy or to diminish it.

At the international level, too, ‘democracy’ and ‘equity’ can mean different things to different Actors. Unlike the commitment to democracy and equality in some national constitutions, however, there is no formal commitment in international treaties establishing the current institutions of governance as democratic. Some domestic democracy practices have provided templates for democracy on the international level. The domestic concept of one-person-one-vote can be seen as the forerunner at the international level to the one-country-one-vote practice. The concept of freedom-of-information at the national level can be seen in expectation that documents and meetings at the international level should be open and accessible.⁴

For GRI however, the tenor of the word is quite different and quite distinct. The word ‘equity’ appears more frequently in references to ‘equity markets’ than to ‘economic equity’.

Enhancing ‘democracy’ as an organizing principle for international relations is a difficult subject. GRI does not raise to the challenge. The GRI only democratic proposals are that election monitoring can be done via crowdsourcing and that a parliamentary delegation should complement a foreign affairs delegation at the United Nations.

In order to redress the democracy deficit as part of reforming the existing global decision-making system, one would have to reform the current lopsided concentration of state and MNC power; handle subsidiarity in a more complex fashion than the EU has yet attempted; recognize that some versions of ‘international elections’ may well
be part of the next generation of democracy; and broach elements of the “world government” debate that have been effectively off the table for generations. This absence of explicit commitment to democracy in global agreements has resulted in a disjunction between what is considered a politically acceptable process in a national democracy and what is practiced at the international level. Movement on the democratizing globalization is probably a prerequisite for enhanced legitimacy of the international system. Ignoring or marginalizing the issue weakens significantly the re-establishment of a stable global system.

Related Ideas: 1994 process; Missing sense of ownership; Reconciliation; Participation

1. Even this minimal democratic goal is undermined by the P5 veto in the Security Council and the use in most other intergovernmental bodies of unanimous decision-making, rather than majority or super-majority voting.

2. While GRI borrowed a good number of ideas from the Helsinki Process, its emphasis on democracy in international relations was not one of them. In fact, the Helsinki Process had a very clear focus on democratic ideals. It “The Helsinki Process on Globalisation and Democracy... was a response to the call for a forum to facilitate multistakeholder dialogue on the possibilities offered and challenges posed by the process of globalisation. . . . The high-level Helsinki Group was challenged with considering recommendations for priority action for improved and more democratic global governance.” Helsinki, pg 5.

3. The First Forty Years, page 13.

Globalization in conjunction with the geographic definition of the nation-state has brought to the fore new challenging problems, ones that a new global governance system ought to be able to handle.

One category of new problems is those for which the fundamental solution to the issue lays outside the territorial boundaries of all nation-states or outside the atmospheric territory of nation-states.

For example, roughly sixty percent of the globe falls outside land-based boundaries. The Law of the Sea extended land-based boundaries into the ocean with the new category of “exclusive economic zones.” However, as the name implies, land-based nation-states cannot assert general state authority over these sections of the ocean. They can only assert economic development claims. ¹ As the GRI taskforces on the ocean ² recognized, the protection of highly migratory fish stocks, ³ the increase in ocean waste accumulation, and the loss of marine biodiversity are now urgent matters for the international community to address.

They proposed a collection of multi-stakeholder arrangements to work around the territorial boundaries issue. This constraint has its origins in the Westphalian concept that land boundaries are an inherent part of the definition of nation-state sovereignty and earlier claims that navies and commercial shipping should have unhindered transit rights in the open sea. In a globalized 21st century, this no longer makes sense. ⁴ GRI’s framework for multi-stakeholder arrangements and a ‘geometry of cooperation’ provides no effective way to address this limitation.

In this context, a careful review of key structural issues that extend in new ways beyond the traditional boundaries of nation-state is needed. Other examples of policy gaps that appear in the spaces beyond the boundaries of nations-states include the control of the transmission of mobile viruses, ⁵ and the control of the climate.

As summarized by the Helsinki Process:

...globalization has effectively shortened the distances between people and places all over the world, offering a multitude of new opportunities through truly global exchanges of ideas and goods, it has also revealed a number of global problems and challenges which can be very different in nature, ranging from those which are replicated across societies and states (such as fiscal crises) to those which can be properly understood only at the global level (such as global warming), but which nevertheless cannot be effectively tackled by individual states or even groups of states alone....

Related Ideas: Fisheries; Law of the Sea; Nuclear terrorism; Ocean monitors; Three Facets

1. An indirect exemption is if some activity in the EEZ is likely to adversely effect national territorial waters, the coastal state take some preventative actions.

2. Global Agenda Council on Ocean Governance and Young Global Leader Restoring Ocean Health Task Force

3. “As a governance challenge, the problem of fisheries subsidies is an exemplar of the wider problem of how to link trade and environmental sustainability issues – current governance mechanisms have so far failed to achieve coherence between economic and natural resource management policies and policy-making processes. Fisheries offer an ideal context in which to make progress on this issue. No other topic more clearly illustrates the potential for the WTO to play an enhanced global governance role as the world’s economy becomes ever more subject to environmental limits and demands for equitable development.” Ocean Governance Initiative: Global Agenda Council on Ocean Governance and YGL Restoring Ocean Health Task Force, pg 103
4. The Helsinki report presents this in a gentler way, “Indeed there is growing agreement that governments cannot be the sole agencies of governance because of their incomplete transnational capabilities and outright partiality in some areas.” Helsinki, pg 6

5. “International cooperation is becoming increasingly important in health because of growing transborder epidemics and major population movements. Like prevention, health-related research, which is being conducted increasingly across countries, is a global public good. , , , International health-related governance is no longer adapted to the new ecosystem, as it largely excludes non-state actors (be they NGOs or businesses), is disconnected from financial, trade and economic decision-making, and lacks the power to broker binding accords promoting global health.” Ensuring Health for All : Towards a New Paradigm for Health for All By Peter Piot, Professor and Director, Institute of Global Health, Imperial College London, United Kingdom, David E. Bloom, Clarence James Gamble Professor of Economics and Demography, Harvard School of Public Health, USA, and Peter C. Smith, Professor, Health Policy, Imperial College London, United Kingdom, pg 411

6. Helsinki, pg 6
Selection/Election of Non-State Governors

One of the major omissions of GRI’s recommendation that non-state actors should be centrally involved in global governance is the absence of guidelines for the selection/election process of these non-state governors.

Selecting MNC participants could entail an agreed series of sectoral or geographic districts, a nomination process, a candidate election/selection system or an open-ended self-selection system. Selecting civil society organizations could entail an agreed grouping of civil society organizations, a nomination process, process to select/elect the appropriate organizations or an open-ended self selection system.

Currently, firms that formally participate as interlocutors at intergovernmental meetings are generally selected by the International Chamber of Commerce (ICC), or by a specific international trade association, or by the organization’s Secretariat. When the firms are selected by the ICC or a sector trade associations, they often then participate as representatives of the trade association, not as representatives of their own companies. The Financing for the Development Conference (2002) was the first intergovernmental conference that directly accredited individual firms and executives.

In the case of international business participation in the parallel governance meetings to the WHO, UNESCO, and FAO, one implication of the report is that firms would be self-selecting. In a self-selection system, the firms mostly likely to volunteer an executive’s time would be those that perceive an economic benefit from participating in FAO, UNESCO, or WHO. MNC self-selection is therefore clearly not a process that ensures a balanced representative of all firms, and not even one that might produce a common view of all firms in a given sector. In self-selection, the decision to volunteer corporate executive time would most likely be more a matter of using participation in the UN system to further its inter-firm competition or to expand a market position than to contribute to a positive development of a global crisis. It can also be used as a defensive strategy to block another firm from gaining market access or to prevent an international message that is antithetical to its sector’s marketing strategy.

An alternative approach would be to allow relevant industry associations to select their MNC representatives. In this case, these international associations become key arbiters of entire categories of participants in the new global governance system. If international industry associations were to be central to the selection/election system, it would be very important to define the criteria for selecting the appropriate industry associations.

What ideas for the selection/election of non-state governors are implicit in GRI’s recommendations? In a number of sections of the report, Global Agenda Councils suggest that the World Economic Forum could be the solution. For example, the GRI Ocean Governance Initiative report suggests that “a high level panel of independent experts could be appointed by the World Economic Forum . . .” The GRI water security report proposes that “Us[e could be made of] World Economic Forum’s neutral platforms and convening strength.” The taskforce on global health recommends that “the World Economic Forum is well situated to incubate the development of this partnership in its initial phases.” And the educational innovation fund proposes that leadership could be “under the aegis of the World Economic Forum . . .” The GRI proposals for the involvement of MNCs in formally recognized global governance could then well be an effort to extend the informal gatherings at Davos convened on the private invitation of the World Economic Forum to a more formal governance role.

Given the importance of selecting the most appropriate representatives, the Helsinki Process on Globalization and Governance looked to the UN Secretary General to make these selections.
Since the credibility of multi-stakeholder initiatives is largely dependent on the way they are put together, the United Nations and the office of the Secretary General could play an important role in ensuring a balanced representation of different actors and providing a bridge between informal consultations and formal negotiations.\(^7\)

On the civil society side, the selection of representatives for the GRI’s proposed parallel governance meetings has similar challenges. Currently the dominant method of selection of civil society representatives to be non-voting participants in international meetings is done in a two-step process. The intergovernmental body sets the rules (e.g. the categories of civil society organizations and type of participation permitted), and the Secretariat\(^8\) selects a civil society organization as the ‘legitimate’ coordinator for the selection of the individual civil society participants, oftentimes then subject to a final individual review by the Secretariat or intergovernmental body.\(^9\) In some specialized conventions,\(^10\) the civil society organization applies directly to the conference of parties for the right to participate.

Experience with establishing an environmental advisory group to the OECD and operating international networks and alliances might provide a basis for civil society organizations to have a global ‘election’ within categories of international civil society bodies. It would still leave open the appropriate way to define the relevant sub-groups within the international non-state, non-corporate community.

1. Woods and Mahbubani make a similar point in their introductory essay. “Risks that can result from collaborations between the public and private sectors do exist and these are worth spelling out up front. One risk arises when the opportunity to work together results in attempts to manipulate or to exploit a privileged position for gain, which economists refer to as “rent seeking”. A related risk is “regulatory capture”, where private interests seek to distort public efforts to regulate so as to increase their own private gains. An unfortunate example of this came to light in 1997 when global tobacco companies were forced to disclose internal documents that revealed they had so distorted efforts at regulation that their participation in international negotiations was subsequently banned.” Building Effective Institutions in an Empowered Society, by Ngaire Woods, Professor of International Political Economy, University of Oxford, United Kingdom, and Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy, Singapore, pg 346

2. For example, a health governance group is not likely to advocate for a non-sugared foods in the international market, if the chair was, as in the case of the Global Agenda Council on Healthcare Systems and Cooperation, a Vice President for Global Health Policy at PepsiCo.

3. “A high level panel of independent experts could be appointed by the World Economic Forum and other prominent partners to conduct the actual review. The panel could be composed of, for example, former heads of state, foreign and environment ministers, security, military and diplomatic and development officials, and marine scientists, political scientists and international lawyers involved in international fisheries and oceans issues. Such a panel would need to be supported by a research team, possibly including experts from the World Economic Forum’s Global Agenda Councils on Ocean Governance and the International Legal System, and other non-governmental experts. A series of meetings could be convened to consult with stakeholders representing various sectors, regions and concerns.” Ocean Governance Initiative: Global Agenda Council on Ocean Governance and YGL Restoring Ocean Health Task Force, pg 106/107

4. “At the World Economic Forum Annual Meeting 2010 in Davos-Klosters, leaders of countries, civil society organizations, multilateral organizations and the private sector agreed that a next step in the water security debate should be taken. It is necessary to move from dialogue to accelerating change. Using the World Economic Forum’s neutral platforms and convening strength, the “Davos Initiative” was proposed. The initiative will create an unparalleled network of public, civil society and private expertise on offer as a supporting partner for those countries seeking to transform the management of their water resources.”, Water Resource Group: Water Initiative and Global Agenda Council on Water Security, pg 149 Water Pathways 2030 – A Platform to Accelerate Local Progress of Water Sector Reform

5. “In bringing together stakeholders from many perspectives, the World Economic Forum is uniquely placed to address this lacuna in global health governance. The Global Agenda Council on Global Healthcare Systems & Cooperation proposes that the World Economic Forum put in place a process to create an institutional architecture, tools and practical implementation to address the lack of global accountability for health risks. . . . Given the intrinsically multistakeholder nature of this effort, the
World Economic Forum is well situated to incubate the development of this partnership in its initial phases. This initial meeting will then form the basis for identifying groups with a strong enough interest to become board members of the Partnership going forward.” Upgrading Global Health Governance (Coordination, Metrics, and Capacity): Global Agenda Council on Global Healthcare Systems and Cooperation, pg 160/161.

6. “Simultaneously, a Global Education Innovation Venture Fund (GEIVF) needs to be developed to implement the Learning Group’s recommendations. The innovation fund could work under the aegis of the World Economic Forum and/or one of the leading multilateral agencies, but it should have sufficient organizational independence to generate new ideas and respond quickly to promising opportunities as they arise. The GEIVF would be supported in the early stages by a small number of committed governments and private-sector partners but should reach out to potential new funders, including emerging donors and foundations.” Strategic Review of the Education for All Architecture: Global Agenda Council on Education Systems. pg 176


8. The secretariat unit might either be the intergovernmental support body or NGLS, the Non-governmental Liaison Service, or its analogous offices in the specialized agencies.

9. The UN and host country security arrangements may also set a maximum number of civil society participants that are allowed into the building or the conference rooms.

10. e.g., expert groups under the Cartagena Protocol of the Convention on Biological Diversity.
In the current multilateral system there are two dominant voting systems. The basic premise of both is that there is one vote to every state. In some circumstances, the outcome of a meeting can be decided by a majority vote giving full weight to this basic premise. In most other circumstances, the de facto voting system is unanimous consensus decision making.

Consensus decision-making evolved in the UN system because of a simple change in arithmetic. As more ex-colonies became states and joined the UN, the numbers meant that developing country delegates could out vote representatives of OECD countries and other groups on every resolution. To maintain participation and creditability, the developing countries agreed to work with consensus decision-making. Over time this evolved into unanimous consensus decision-making, giving each strong country a de facto veto on a final resolution or outcome. When one hears that a conference could not reach a decision, it usually means that unanimous decision-making allowed one or more strong countries to block a resolution.

In a multi-stakeholder system, the decision making system is almost open ended. There is no equivalent premise of one-vote-one-multistakeholder member. As participation in a multi-stakeholder process is voluntary, individual members can drop out without penalty and new members can join the process, providing the existing members welcome them in. The existing multi-stakeholder systems have evolved a number of solutions to this reality. In some cases, they decide by making parallel decisions by separate chambers, each of which has one category of members. The national democratic analog is bicameral parliaments in which the same legislation has to be approved by both chambers sitting independently.

Another option in use by currently functioning multi-stakeholder governance systems is a version of consensus decision making. In this system the dominant players all have to agree while other members of the multi-stakeholder system do not disagree too strongly. This form of decision-making occurs when there is a clear asymmetry in power and resources within the multi-stakeholder group. Without the more powerful members in the group, the undertaking would not function. Therefore the views of the more powerful members are ‘more relevant’ than other voluntary members of the multi-stakeholder group.

GRI makes no recommendation for how decision-making should occur within a multi-stakeholder governance arrangement, nor does it analyze the risks and benefits of any particular system of decision-making.
Administrative Support Structures

In the UN system, the selection of the secretariat team and the budget for the secretariat support functions are crucial elements of each programmatic decision. The secretariat can provide a number of administrative, research, policy or delivery roles to implement an intergovernmental outcome. For governance meetings like general assemblies and executive boards, these potential roles often consist in preparing conference documents, arranging agenda items, obtaining information needed by the body, and facilitating the intergovernmental negotiations process itself. As these functions can potentially have a strong influence on the outcome of a meeting, some governments are very focused on which secretariat team will be entrusted with these tasks.

The selection of secretariat team can have financial consequences. A given secretariat office may not have expertise on hand to support a particular intergovernmental process and may need to retain temporary staff to do the job properly. There can be additional unbudgeted expenses if the new meetings are held outside of UN system offices or if the meetings are to have simultaneous translation.

While GRI sets as one of its key criteria the enhanced effectiveness of the international governance system, it makes only two quite limited recommendations about the administrative support structures for its multi-stakeholder governance system. Some task forces envisage the UN system or other existing international organization providing the administrative support; some other task forces suggest that the WEF secretariat could provide the necessary staffing. Neither of these recommendations grapples further with the arrangement for effective implementation. There is the assumption that the existing staff can add these tasks to their current assignments with no degradation in service.

As with intergovernmental staff support, the selection of the staff for a multi-stakeholder governance process can significantly impact the quality and the direction of the outcome of the undertaking. One way to re-balance the typical asymmetry in resources and power within each multi-stakeholder group is to designate an independently funded staff. The opposite may well occur when a more financially solvent multi-stakeholder partner offers to provide secretariat support services to the undertaking. While this provides some technical support functions, it also potentially extenuates the imbalances of forces within the multi-stakeholder undertaking.
Financing Non-State Governors

There is a precarious financial structure in the intergovernmental system. This difficult financial situation impacts not only the delivery of services by the UN system but also its ability to participate in multi-stakeholder governance projects or to support civil society and developing country participation in UN system or the multi-stakeholder sponsored events.

Income to the UN system comes from member governments, primarily from the budgets of the OECD governments. Governments are generally assigned dues based on a formula for the ability-to-pay. While the concept sounds great, this formula has become rigid and skewed over the past sixty years. The net effect is that by 2010 less than 10 governments provided 90% of the regular budget resources to the UN. This imbalance affects the neutrality of the UN system as it also influences the number of UN secretariat posts for each nationality. At the current time there are also strong campaigns in some of these OECD countries to limit government funding of UN system bodies or to stop making mandated payments altogether. At the same time, the major traditional donor countries are increasingly reducing their supplemental financing of international organizations.

Southern governments have come to see financing the UN system as a part of their development assistance. These governments consequently have been reluctant to reform the UN dues structure, even if it might lead to greater political leverage for them individually and the G77 as a whole.

Many of the innovative proposals for new sources of international revenue for UN system bodies involve some form of a ‘tax’ on international transactions or other international business flows. GRI does not share its views on any of these proposals.

The direct financial costs for travel, accommodation, and indirect financial costs in terms of non-state staff time can be quite substantial. The burden of these expenses will depend considerably on the category of non-state Actor. For an international firm, the decision is whether the particular multi-stakeholder governance project provides a sufficient net financial benefit to the enterprise that it would want to allocate the necessary corporate executive time and related travel expenses. For a civil society organization, the cost of staff time and logistical expenses can be a major deciding factor regarding the degree of participation in multi-stakeholder activities. There is no discussion in the GRI of how under-funded and under-represented stakeholders will be able to participate effectively in the process. The asymmetry of resources between MNCs and CSOs can easily accentuate the participation of business sector and diminish the role of civil society organizations in any international multi-stakeholder governance activity.

Some of supplemental costs of adding non-state Actors to the global governance system will fall on the UN system. This will happen whenever the UN is expected to manage the multi-stakeholder process, to participate in an externally managed multi-stakeholder undertaking, or to provide funds for the participation of civil society organizations and smaller developing countries in multi-stakeholder events. Even though it calls for a strengthening of the intergovernmental system, the GRI says nothing about how to strengthen the financial core of the UN system or to provide the UN system resources for its participation in a multi-stakeholder governed world.

1. The notable exception, of course, is the contributions from Ted Turner’s UN Foundation.
4. The UN system budget is divided into RB (regular budget) for core activities and XB (extra-budgetary budget) for its work relating to developing countries and to unscheduled conferences and projects.

Lessons from the Past for the Future

When President Franklin D. Roosevelt looked at the League of Nations and its failure to prevent World War II, he concluded that the next global arrangement had to have the military capacity to prevent another major world war. It was this criterion that led the US to convene the Dumbarton Oaks meetings which led to the creation of the Security Council which subsequently led to the United Nations. The criteria for constructing a new global governance system is itself an important and very legitimate part of the debate on governance. WEF’s two criteria have a clear impact on the scope of their recommendations and on the limitations on the outcome of their proposals.

The definition of what needs urgent attention, which issues are most pressing, is also a crucial component in the design of a new governance system. WEF casts a wide net but it is one with a heavy focus on macroeconomics. No doubt the macro-economic institutions are not working and need to be reconfigured to relieve mass instabilities in the unregulated globalized economy. The challenge for policy makers, scholars, and the general public is to strengthen the breadth of the net so that other pressing structural issues are included appropriately in any reconstruction of the international system.

The third element for designing a new global governance system is the rules and operating practices that can engage the Actors in meaningful governance. National democratic practices can provide a useful starting point for building an analogous international system. Operational rules for the election/selection of participants, for example, need far more careful scrutiny than GRI provides.

It is not an easy matter to design a global democracy, to design a more economically balanced world, or to design a gender sensitive, culturally sensitive, or ecologically sensitive system. This reality, however, does not excuse proponents of a new global governance system from not trying. It is not an easy matter to make equity a central principle for re-balancing economic, environmental, and social realities today, but that surely should not be a reason for the academic community and foreign policy experts on the WEF’s expert panels to avoid the matter. It is not a pleasant thought that the Millennium Development Goals were not effective in sharply reducing global poverty, but that does not exempt scholars and government and corporate leaders from re-conceptualizing governance and establishing an incentive system for global economics that has an explicit objective of poverty reduction.

The key debate now is what goals, functions, and organizing principles should be at the center of the stage for the next generation of international organizations. As with President Roosevelt, one today has the potential to design a new global set of institutions that addresses power, inequalities, and the crises in today’s economic, social, and environmental fields. WEF made a first crack at it. There is still work to do.