University of Massachusetts Boston

Center for Governance and Sustainability
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Readers’ Guide: Global Redesign Initiative

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Section by Section Commentary
Problems in Global Governance Today
As of November 15, 2012

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Section by Section Commentary

This section of website contains verbatim extracts from the report of the Global Redesign project along with interpreted commentary by the Readers’ Guide author. At the bottom of all the web pages is an invitation to engage with the relevant issues using a moderated commentary option.

The Global Redesign Initiative report, Everybody’s Business: Strengthening International Cooperation in a More Interdependent World, was launched in Doha, Quatar in late 2009. This report is cited in the website as “GRI”. The page references in the Readers Guide follows the text of the report of the project, Everybody’s Business. This is the version that is provided on World Economic Forum’s Global Redesign Initiative website.


The two versions of the text have slightly different layouts, slightly different presentations of the taskforce reports and therefore different paginations.

Problems in Global Governance Today

This section contains eleven extracts from the report of the Global Redesign Initiative project of the World Economic Forum that reflect their views on the problems in global governance today.

The topics covered are

- The 1944 process
- Arrangements out of step
- Missing sense of ownership
- Lacks built-in incentives
- Public governance failures
- Sweeping changes
- Civic culture not robust enough
- Too prone to treat human dignity as outside legitimate purview
- Fragmentation of information and leadership
- Appetite for reform waned
- Historic error to revert to complacency
The 1944 Process

p. 11: In 1944, well before the end of the war but after the tide had turned, a series of international discussions were held at Dumbarton Oaks, Washington DC and Bretton Woods, New Hampshire to design the post-war international security and economic architecture. Governments assembled teams of people with governmental, academic and business backgrounds to engage in sustained discussions aimed at drawing fundamental lessons about the failures of the pre-war cooperation and designing new, more robust institutional arrangements.

Readers’ Guide Comment on "Governments assembled teams of people with governmental, academic and business backgrounds":

This history of the 1944 process overstates the role of business at Dumbarton Oaks and at Bretton Woods. The GRI process was not very similar in form or in the selection of participants to the post-World War II negotiations of the United Nations or the Bretton Woods Institutions.¹

WEF’s global governance system has been designed by a corporate-selected group of experts, not a nation-state lead process. Those invited to the GRI expert groups and conferences were largely affiliated with the corporate and academic worlds. Many of those not invited into the GRI process may well have views about the future of global decision-making system.

In today’s world, WEF could have opened up the process with a public web-based comment system. In 1944, the war was still in progress. WEF instead chose to keep the whole process under wraps, as if it were a security matter, until the launch of Everyone’s Business at the completion of the process.

Related Ideas: the WEF process; participation in the design; previous preparatory processes; democracy; missing issues

¹. The World Bank and the IMF are collectively called the Bretton Woods Institutions (BWIs) after the New Hampshire town where the final negotiations on their charters were completed.
Arrangements Out of Step

pg. 7: International institutions and arrangements are now out of step in important respects with a world in which economic strength and political influence are much more widely dispersed among countries and regions, national governments are no longer such dominant intermediaries of relations among nations, and socioeconomic and technological advancement has created a new set of interrelated risks and opportunities for progress.

Readers’ Guide Comment on “political influence [is] much more widely dispersed among countries”

The concept of enhanced distribution of political governance capacity (i.e. greater equity between states) is not seen as a good direction, but rather as a difficulty because it makes it more difficult for the current leaders to maintain their dominant political positions. While the dispersion of political influence is a clear and accurate statement of fact, it is portrayed here as ‘a problem.’ This anxiety aligns WEF more closely with the old G7/G8 order rather than the newer G20 system, which it otherwise espouses.

Readers’ Guide Comment on “national governments are no longer such dominant intermediaries”

This wording avoids a tough issue for WEF: identifying who or what really are the dominant intermediaries between states. The only possible candidates for this role are international firms that have multi-country investments and strive to manage them in a globally coherent fashion. MNCs themselves, however, have been disinclined to explicitly acknowledge this position. The GRI is taking a different direction. It is calling on MNC executives to be more self-consciously involved as global leaders and to recognize that their dominant intermediary role requires greater effective engagement with governments and civil society.

Related Ideas: dysfunctional governance today; urgency for change; loss of legitimacy; new governing actors; G20: the global leaders
Missing Sense of Ownership

pg. 37: The time has come for a new stakeholder paradigm of international governance analogous to that embodied in the stakeholder theory of corporate governance on which the World Economic Forum itself was founded. The 1945 UN Charter explicitly identifies people, or society at large, as the ultimate stakeholder of international governance, notwithstanding the role sovereign states play as the central actors in the international system. The state-based core of the system needs to be adapted to a more complex, bottom-up world in which nongovernmental actors have become a more significant force. But what is also required is a corresponding sense of ownership in the health of the international system by these very non-state stakeholders, which until now have tended, with the notable exception of certain NGOs, to leave such matters entirely to their national governments.

Readers’ Guide Comment on “new stakeholder paradigm of international governance analogous to that embodied in the stakeholder theory of corporate governance on which the World Economic Forum itself was founded”

The stakeholder theory of corporate governance is one of the early ideas of Klaus Schwab, the founder of WEF and one of the three co-editors of the GRI report. Schwab argues that firms should engage with a wide range of stakeholders in order to augment the thinking of their corporate executives. These stakeholders, however, serve more like unpaid advisors than participants in a firm’s corporate governance. They do not get to provide directions to key corporate leaders or make joint leadership decisions. WEF uses this approach to structure its annual January event in Davos, Switzerland and its various regional events. The participants in these events are hand selected by the Schwab and the WEF leadership staff.

The Davos Man, as participants in WEF events are characterized, is a bit of a curious choice to use as the basis for a new global governance system. On the one hand it makes perfect sense for WEF to build a case for global governance out of its own experiences. On the other hand, the Davos participants are from the elite of the business world, the governmental world, civil society and related institutions, and are therefore not exactly a model for a democratic global system.

Readers’ Guide Comment on “legitimacy and effectiveness”

WEF sees loss of legitimacy and lack of effectiveness as the primary problems that have provoked its redesign of global governance. In selecting these two issues -- not human rights, the eradication of hunger, ecological damage, or social inequality -- WEF has narrowed sharply the possibility to intentionally craft an ethically-based global governance system. Notably absent from the 450 pages of recommendations in the GRI are recommendations to enhance ‘equity’ or ‘democracy.’

Readers’ Guide Comment on “nongovernmental actors have become a more significant force”

The terms ‘nongovernmental actors’ and elsewhere ‘non-state organizations’ are used for both multinational corporations and international civil society organizations. In many cases, the reference is made in circumstances where the asymmetric power relation between the two is quite relevant or when ‘non-state’ is used as a masked reference to multinational corporations.

Related Ideas: loss of legitimacy; lack of effectiveness; MNCs as governing actors; civil society as a governing actor; constituencies; Schwab’s stakeholder views; democracy; missing issues
Lacks Built-In Incentives

pg. 24: The international system lacks adequate built-in incentives to focus disparate, but relevant, resources and capabilities on common, complex challenges. . . . Big challenges need to be dealt with increasingly in a more inclusive, results-oriented and holistic fashion – i.e., through a “we the peoples” rather than “we the states” approach to international governance and cooperation.

Readers’ Guide Comment on “adequate built-in incentives”

This wording both identifies a crucial dilemma for the UN system and avoids a difficult issue for WEF. In the current system, there are very limited incentives that the UN can provide to influence private sector actions or to sanction states for non-compliance.

WEF however never identifies what new built-in incentives its “geography of cooperation” governance system would actually have. This oversight is particularly noteworthy, as the international market is based on competition and conflict, and its internal incentives are price-based, not consensus-based or politically-based.

Readers Guide Comment on “to focus ... on common, complex challenges”

WEF also dodges a definition of ‘common’ concerns and avoids analyzing the source of ‘complex challenges’. Those without food have a common concern for hunger; those with investments in the food sector have concerns about agricultural tariff rates and market share.

Some who are frustrated with the relative weakness of OECD countries to manage ‘complex challenges’ such as intellectual property rights bemoan the lack of political clout of the international system to force others to accept their views. Some others whose views of ‘complex challenges’ include weather-disruptions from climate change or cultural dominance from global media firms are looking at governance arrangement issues in a quite different fashion.

Readers’ Guide Comment on “we the peoples”

WEF’s principle concerns with the current form of global governance are the ineffectiveness and inefficiencies of the international system; it does not advocate for a ‘we the peoples’-style global democracy. The phrase ‘we the peoples’ seems to have been used when WEF wants to undermine the nation-state and the UN system; it does not appear in any sections dealing with the G20 or other elite institutions.

The reference is strange for another reason. The expression ‘we the peoples’ was never central to the development of the UN Charter, but was added as an afterthought in the final negotiations. Its inclusion here may be more to curry favor with some in the civil society or UN; it is not used as an introduction to a section on global democracy.

Related Ideas: democracy, a passing reference; legitimacy; gaining acceptance
Public Governance Failures

pg. 24: It is in this sense that the traditional, state-based conception of the international system requires redefinition. Deepened global cooperation along current lines is necessary but not sufficient. A more multidimensional and inclusive approach to setting norms and generating collective action is needed if we are to succeed in addressing the market and public governance failures that have accompanied globalization.

Readers’ Guide Comment on “multidimensional and inclusive approach”

The constituent groups that could be included in the process of generating collective action are not defined. WEF does not name workers, women, indigenous people, youth, small island countries, least developed countries, or other currently marginalized communities in the international community, but instead calls for a more formal role for MNCs under the umbrella of a new global governance system.

The reference to ‘multidimensionality’ is not clear. Later references suggest that WEF is struggling to articulate a counterweight to concentrated economic and geopolitical power that would have a secure ethical foundation, but this position is never fully developed.

Readers’ Guide Comment on “market... failures”

The diagnosis does not identify what are the ‘market failures’ that need to be addressed. In fact, the international business community has been in the forefront of blocking government and UN actions to address global market failures. For the last six decades, the International Chamber of Commerce and other business organizations have strenuously opposed any effort to address inequalities resulting from international patterns of trade or investment, or to create an inter-governmentally legal and moral regime for the same issues.

Readers’ Guide Comment on “public governance failures”

The diagnosis does not identify what are the ‘public governance failures’ that need to be addressed. Each reader may well have his or her own collection of public governance failures. WEF’s recommendations and prescriptions would be far less scattershot if it presented an honest appraisal of how and why public governance on a global level did not keep up with economic globalization.

Related Ideas: Perceived limitations; WEF shifts debate; G20 as global leaders; gaining acceptance
Sweeping Changes

These three main elements of the system [nation-states, alliances between states, and the UN system] will remain important pillars of international relations for a long time to come. But they have been overtaken in key regards by the sweeping economic, political, technological and social changes of the past generation. In particular, these transformations have created problems of legitimacy and effectiveness in the world’s cooperative architecture.

Readers' Guide Comment on “world’s cooperative architecture”

The ‘world’s cooperative architecture’ is surrounded by conflicts, some of which are clearly violent, some of which are subtly violent. WEF is silent on how its proposed ‘cooperative architecture’ will deal with the real world of conflicts. This is particularly striking as confrontational nationalism, human rights struggles, environmental problems, and market competitiveness are significant global conflict issues. This omission leaves WEF with a conceptual hole: what should be done if firms, states, or civil society organizations simply don't share WEF’s views about the legitimacy or moral direction of a particular outcome resulting from the new ‘geometry of cooperation’?

Related Ideas: urgency for change; fear of enforcement; Readers Guide: concluding observations
Civic Culture Not Robust Enough

pg. 36 : We have often placed performance before people and allowed our economic life to drift away from our political and ethical commitments. The civic culture which has grown up alongside our global economy is not robust enough to bring our commitments to bear on the decisions which structure our political and economic lives. As a result, there is often a gap between what we profess and what we do.

Readers’ Guide Comment on “placed performance before people and allowed our economic life to drift away from our political and ethical commitments”

World Economic Forum’s position here is not too different from that of the World Social Forum (WSF). ¹ The WEF says “we have ... placed performance before people;” WSF says it “[has] placed profits before people.” In both cases, the analysis is that people-focused development has been displaced by a market-driven mentality.

WSF and WEF would also be in agreement that there is a sharp disjunction between globalized economic realities and ethical values. They would differ about the causal connection between these two elements. For WEF it simply presents as a “drift[ing] away”; for WSF it is the former which drives the latter apart.

Readers' Guide Comment on “a gap between what we profess and what we do”

This is one of the rare uses of the first person plural in the text, and it is not at all clear who the “we” is. It might have been added here as part of the marketing of WEF’s proposals. It might also reflect the audience of this study, in which case the “we” consists of members of the international elite. For certainly the gap between what is ‘professed’ and what is ‘done’ is not a problem shared with the marginalized and impoverished communities of the world.

Related Ideas: Aligning values and governance; The Oath; Step V; Another use of first person plural; When obligations and norms are ‘not possible’

¹ World Social Forum is, as described on its website, “an open meeting place where social movements, networks, NGOs and other civil society organizations opposed to neo-liberalism and a world dominated by capital or by any form of imperialism come together to pursue their thinking, to debate ideas democratically, for formulate proposals, share their experiences freely and network for effective action.”
Too Prone to Treat Human Dignity as Outside Legitimate Purview

pg. 37 : Those who inhabit the global economy are all too prone to treat matters of human dignity and security as outside their legitimate purview – matters for local political responsibility. . . . For business leaders, this means understanding the place of their sector, industry or company in the broader social and political world – whether or not they are incentivized or compelled by regulation to do so. The same is true for local and national political actors [and] private citizens and social networks, who can no longer leave questions of global welfare and sustainability to political and economic leadership.

Readers’ Guide Comment on “understanding the place of their sector, industry or company”

Of course, in one sense business leaders certainly ‘understand [their] place’ in the global world, otherwise they would not be so successful in the competitive global market. What WEF does not explain is which elements of ‘understanding’ business leaders are missing, and how this knowledge would engender a different set of choices than their current ‘understanding’ of the political, social, and ethical realities of the world.

Readers' Guide Comment on “who can no longer leave questions of global welfare … to political and economic leadership”

Non-governmental organizations and intergovernmental organizations long ago stopped trying to leave decision-making on global welfare and sustainability to nation-states and corporations, respectively. Again the ‘non-state’ terminology is used as an umbrella term, inappropriately conflating multinational corporations and civil society organizations.

Related Ideas: shifting the debate; The Oath; Step Five
Fragmentation of Information and Leadership

pg. 11: Even as relevant sources of expertise and capacity have multiplied and global risks and challenges have become more interconnected, our methods for assessing and responding to them remain highly fragmented among different ministries, countries, industries, professional and academic disciplines, specialized international organizations, etc. This fragmentation makes it more difficult for all of these institutions to remain confident that the information on which they base decisions is comprehensive, consistent and current. It creates a bias within the international system for partial and reactive responses to global challenges that require a more integrated and proactive approach.

Readers' Guide Comment on “[This fragmentation] creates a bias within the international system for partial and reactive responses . . . that require a more integrated . . . approach”

Fragmentation between international organizations is better seen as an intentional goal of the founding governments. Each international organization was set up with a mandate to address certain limited issues, with a governing system that was independent from all other governing systems, and a budget process that was not coordinated with the budget processes of other international organizations. The dispersal of issues to separate organizations with unconnected governance structures means that systemic issues will tend to be off the agenda. It also means that national self-interests will not often be challenged by international organizations, even when it is necessary to deal with complex global risks.

For the past 60 years, OECD governments have used the differences in mandates between organizations to argue that one organization should not take on an issue that potentially ‘overlaps’ with another international organization, stymieing effective responses to major global problems. A variant of this approach by OECD delegations has regularly been used to block international consideration by a UN system body as it might ‘step on the mandate’ of the even more independent and OECD-controlled IMF, World Bank, or the (WTO).

There are no follow up recommendations in the GRI report based on WEF’s analytic assessment about a fragmented international system.

Readers' Guide Comment on “global challenges . . . require a more integrated and proactive approach”

The global market is the only market without a parallel governance system. In this sense, globalization itself has created its own the demand for a globalized governance system. In another sense, national territorial boundaries are increasingly irrelevant in addressing globalized issues such as climate change, cross jurisdictional corporate taxation, protection of oceans or of highly migratory species.

Related Ideas: rules, procedures, and practices; Overview of WEF’s perspective
Appetite for Reform Waned

pg. 7: For several months in 2008-09, when the full extent of the world economy’s systemic weaknesses and cooperative deficits were laid bare, there was a popular and diplomatic consensus on the need to make fundamental changes. But as the world economy has begun to recover from recession and governments have begun to focus on fiscal and social strategies to exit from the crisis, the appetite for fundamental improvements in international governance and cooperation appears to have waned.

Readers’ Guide Comment on “appetite for fundamental improvements in international governance and cooperation appears to have waned”

The motivation for fundamental change was also undercut by the willingness of the OECD governments to ‘solve’ the short term capital crisis of the financial industry without extending public policy oversight to the ‘cash gifts’ made to the banking sector or seeking civil or criminal sanctions against the financial community. These inactions removed a potentially significant financial and political stimulus for change by other elite leaders of the OECD economies. And these government actions did not do is address the fundamental governance issues and the systemic global risks. These problems may well have to wait for a second global financial crisis, when the OECD states no longer have sufficient resources or political capital to prop up the finance sector with cash infusions.

Related Ideas: prognosis for change; other views; Readers Guide: concluding observations

1. The Organization for Economic Cooperation and Development (OECD) is a Paris based think tank for the Northern country governments.
Historic Error to Revert to Complacency

pg. 11: Now that the tide appears to have turned in the global economic crisis, governments, companies and other civil society institutions should engage in an effort to absorb the larger meaning of the changes that have transformed the international community during the past generation and rendered much of its cooperative architecture not fully fit for the purpose of addressing risks that are accumulating in many domains.

Readers' Guide Comment on “much of its cooperative architecture not fully fit for the purpose of addressing risks that are accumulating in many domains”

The assessment of the risks that are accumulating in many domains continues in the university community, in the media, in international civil society, and in the corporate sector. This assessment of the disconnect between the current largely post-WWII system and globalization and the ecological, social, and financial risks that are un- and under-managed internationally can provide a more secure factual basis for the democratization of international governance.

pg. 7: The international community has paid a severe price for its complacency about systemic financial and macroeconomic risks that were well publicized but nevertheless allowed to accumulate for too long. Other serious global risks are accumulating, awaiting a proactive cooperative response. It would be a serious, historic error to revert to complacency and return to business as usual in international relations.

Readers' Guide Comment on “It would be a serious, historic error to revert to complacency and return to business as usual in international relations”

Amen. Postponing a restructuring of international relations only makes the task more difficult and more likely that the next structural crisis will happen sooner.

Related Ideas: dysfunctional governance today; urgency for change; prognosis for change; Readers Guide; Concluding Observations