Reconceptualising transnational governance: making global institutions fit for purpose

Seán Cleary

Abstract
Tensions between national democratic accountability and transnational challenges undermine trust and collective action. Asymmetry between an integrated global economy, fragmented global community, and defective global polity, causes social turbulence. Facing technological disruption, we need a new order to address inequality; transform education; and build social capital. Diplomatic exchanges will not suffice, but the Paris Agreement and Agenda 2030 were enabled by bottom-up deliberations. The author proposes a UN conference of states to decide how to balance environmental sustainability, economic development and human security, after consultations on national proposals between policymakers, business and civil society, on principles, underlying values and legal norms.

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Keywords National democratic accountability; international cooperation; institutional weakness; global order; technological disruption; planetary boundaries; inequality; social capital; asymmetry; integrated global economy; fragmented global community; defective global polity; environmental sustainability; economic development; human security; national consultations; values; legal norms

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The complexity of the adaptive ecosystem in which we are embedded, and the global economic and social systems we have created, cannot be managed comprehensively. Human society is a complex system that cannot be collectively controlled.\(^1\) It is a core component of the biosphere, a more complex, adaptive system\(^2\) with the potential for disastrous unintended consequences. The effects on societies of adaptive change in the biosphere were a source of concern for millennia. Today aggregate human behaviour is destabilizing the biosphere.\(^3\) Limiting this damage and the risks it poses to humanity is imperative, but the divergent views of national polities have led to clashes, and frustrate collective action.

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

**Global Agenda**

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

**Essential enablers**
- Sharing the norms and values that enable global coexistence, and working to respect cultural differences – *because respect for core values and universal norms allows us to live in harmony, while appreciation of cultural diversity enriches our understanding*; and
- Improving the quality of global governance and global institutions – *for the important challenges of a highly-connected world cannot otherwise be resolved.*

We need a normative framework to address these challenges.

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

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\(^1\) [http://www.necki.edu/research/social/](http://www.necki.edu/research/social/)


\(^3\) [http://science.sciencemag.org/content/347/6223/1259855](http://science.sciencemag.org/content/347/6223/1259855)
If security is to be enhanced, and systemic risks mitigated, we need (i) better understanding of the complex social, economic and technological systems we have built, and the ecosystems in which we are embedded; and (ii) broader agreement on the norms we shall employ to mitigate risk and enhance security and sustainability.

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

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

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

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

Many underlying values – security, dignity, opportunity, justice, equity, reciprocity and sustainability – appear well represented in all cultural canons. All societies discourage behaviour that damages social harmony, while bravery and empathy are almost universally promoted. Likewise respect for the ecosystem promotes individual fitness and social advantage.4 But emphasising what is common, can conceal what is different, and lead to illusions of identity that misrepresent reality.

International and transcultural harmony requires collective agreement on what is essential and advantageous for all, while respecting the particularities of experience, perspective and belief that arise from our complex ecology. We must recognise both the communality of humanity, and its different forms in diverse geographical and cultural-historical contexts. The question, for purposes of policy, is how to address this polymorphic reality.

Complex modern societies, characterised by specialisation, division of labour and social coordination, emerged through adaptation in different environments, based on the capacity and disposition of people to cooperate when influenced by political instruments. The norms underpinning each polity may be similar at higher levels of abstraction, but are not identical.

Actions by states, based on their governments’ perceptions of the *national interest*, and the military, economic, political and cultural capacity that constitute each state’s *power*, influence their behaviour and determine outcomes in interstate relations. The role of *norms* in constituting a sense of national identity and purpose, and in constraining the naked pursuit of national interest is not constant. Likewise, the extent to which particular norms have permeated national societies is always uncertain until empirically determined.

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

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

Efforts to create comprehensive politico-economic orders usually follow major wars. Such international conferences have been convened at the end of major conflicts:

a. the *Augsberg Settlement* in 1555, between Charles V, Holy Roman Emperor and the Schmalkaldic League, which ended the religious struggle between the Catholics and Lutherans, and made the legal division of Christendom permanent within the Holy Roman Empire, allowing rulers to choose either Lutheranism or Roman Catholicism as the official confession of each state;
the world has changed greatly since 1945, firstly by expansion of the inter-state system through decolonization, and secondly through globalization since the 1990s.9 Today, the putative global society is characterized by profound, multivariate asymmetry between the scale and depth of a highly integrated global economy, the absence of a commensurate sense of global community, and the defective state of the global polity. This asymmetry causes weak

b. the Peace of Westphalia in 1648, comprising the treaties signed in Osnabrück and Münster ending the European wars of religion - the Thirty Years' War (1618–1648) in the Holy Roman Empire, and the Eighty Years' War (1568–1648) between Spain and the Dutch Republic – by extending the principles of religious self-determination (cuius regio, eius religio) established for Lutherans and Catholics at Augsburg, to Calvinists and Anabaptists (“all Christians”), and founding the enduring principle of national self-determination;

c. the Congress of Vienna in 1814-15 (of which it is said: “The objective of the Congress was to provide a long-term peace plan for Europe by settling critical issues arising from the French Revolutionary Wars and the Napoleonic Wars. The goal was not simply to restore old boundaries but to resize the main powers so they could balance each other off and remain at peace”);

d. the Paris Peace Conference leading to the Treaty of Versailles of 28 June 1919 at the end of WWI, to set the peace terms for the defeated Central Powers following the armistices of 1918, leading to the creation of the League of Nations; the five peace treaties with the defeated states, including the Treaty of Versailles with Germany; the award of German and Ottoman overseas possessions as “mandates”, chiefly to Britain and France; reparations imposed on Germany, and the drawing of new national boundaries (sometimes with plebiscites) to reflect ethnic boundaries in Europe;

e. the negotiations at Bretton Woods (the United Nations Monetary and Financial Conference, to regulate the international monetary and financial order after the conclusion of World War II; and

f. the San Francisco Conference comprising representatives of over eighty per cent of the world’s population, determined to set up an organization (the UNO) which would preserve peace and help build a better world.

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

A review of the positions of the U.S., Russia, China and India on the state of global governance, and an assessment of circumstances in Latin America, makes the diversity of perspectives clear.\footnote{See \url{http://www.g20-insights.org/policy_briefs/reconceptualising-transnational-governance-making-global-institutions-fit-purpose/} - tab Analysis and Data}

- The \textbf{United States} sees itself as dominant in security terms, but isolated in international organizations, inhabiting a global institutional landscape that no longer favours it; leading to domestic opposition to delegation of authority to supranational institutions.\footnote{https://www.futureworldfoundation.org/Content/Article.aspx?ArticleID=22153}

- The \textbf{Russian} government dislikes the current world order\footnote{Russia’s objections to the existing order were set out in Mr Putin’s speech to the 43rd Munich Security Conference in 2007, and reiterated in part on several occasions thereafter, notably at the meeting of the Valdai Club in October 2014 after Russia’s incorporation of Crimea. There are three elements: (i) The absence of a moral foundation for, and the impossibility of, a unipolar model of global security; (ii) the unsustainability of “unilateral and frequently illegitimate actions” based on military force, frustrating political settlements and comprehensive solutions to conflicts, and leading to disdain for international law, national insecurity, efforts to acquire weapons of mass destruction, and global terrorism; and (iii) the need for a reasonable balance between the interests of all states, notably Brazil, Russia, India and China, with those of the United States, in a multipolar global system. Similar themes were advanced at the Valdai Club meeting in October 2015.} but has offered no alternative structure or blueprint for reform, although some policy institutions advocate a bipolar model, founded on the U.S. and China, with Russia partnering China to counterbalance the West, to promote stability and better understanding between the camps in an interdependent world, with better global governance.\footnote{https://www.futureworldfoundation.org/Content/Article.aspx?ArticleID=22151}

- \textbf{China} sees the need for an open, inclusive and multipolar world, defined by innovative policies reflecting the interconnectedness and complementarity of states at different stages of development. The global financial crisis has convinced it that the West’s mode of economic development will not deliver the structural economic transformation needed for sustainable development, and persuaded it that its own growth experience since 1979, the scale of its foreign exchange reserves, and its investment in complementary IFIs and transnational development programs, permit it to advance a new mode of sustainable economic development through the G20.\footnote{https://www.futureworldfoundation.org/Content/Article.aspx?ArticleID=22154}
• **India** is constrained by its domestic developmental imperatives and its continuing nation- and state-building priorities, but aspires to continuing rapid growth, national consolidation and social development. As a political child of the European Enlightenment, it respects a world order premised on the rule of law and human rights, but seeks greater representation in global institutions, and an ability to affect outcomes. While focused on securing its national interests, it will advance prudently by balancing its needs and objectives.15

• **Latin America** still comprises divided societies whose social characteristics predispose them to divergent policies prioritising economic orthodoxy on the one hand, and populist, heterodox efforts to reduce inequality and expand opportunity for the underprivileged on the other. Its regional organizations have not bridged this policy divide, but birthed a new group of partisan institutions committed to coordinating these divergent paths. Institutional deepening and growing political maturity will overcome these divides, but the continental institutions cannot yet help define shape global outcomes meaningfully.16

The U.S. (and the European Union) are conservative powers, committed to preserving, as far as possible, the parameters of the world order established at Bretton Woods and San Francisco, and developed by North Atlantic Treaty Organization17 and the European Union18. Washington’s sense of isolation in international organizations and domestic opposition to delegation of authority to these, has compromised its ability to lead. The relative weakness of the European Union, due to its multinational character and fissiparous tensions, make it very difficult to translate a *Common Foreign and Security Policy*19 into a viable *Global Strategy*20.

China’s proposal, outlined during Beijing’s presidency of the G20,21 premised on an open and

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15 https://www.futureworldfoundation.org/Content/Article.aspx?ArticleID=22152
16 https://www.futureworldfoundation.org/Content/Article.aspx?ArticleID=22155
17 http://www.nato.int/ Accessed 20161119
21 At the 10th G20 Summit on November 15–16, 2015, President Xi Jinping announced that the organising theme for the 11th G20 Summit in 2016 would be to build an innovative, invigorated, interconnected, and inclusive world economy, by: (1) innovating the growth pattern, emphatically advancing reforms and innovations, grasping new opportunities, and improving the growth potential of the world economy; (2) improving global economic and financial governance, enhancing the representation and voice of emerging markets and developing countries, and boosting the global economy’s capability to manage risk; (3) constructing an open-ended world economy, promoting international trade and investment, and using this to promote growth; and (4) advancing inclusive and
inclusive world, offers an interesting alternative. Beijing would like to advance a new mode of sustainable economic development through the G20. None of the other BRICS members – Brazil, Russia, India, nor South Africa – is likely to oppose this in principle, but the details of Beijing’s project are still unclear.

This suggests that:

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

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

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

Fourth, preoccupation with the need to respond to these domestic imperatives, makes collaboration on “common goods”, and coordinated responses to terrorism, violent extremism and organised crime more difficult. The contraction of international trade regimes, if unchecked, will dislocate global value chains, slow interconnected development, to implement the 2030 Agenda for Sustainable Development, eradicate poverty, and realize mutual development.


The Oxford English Dictionary defines “nativism” as “the policy of protecting the interests of native-born or established inhabitants against those of immigrants.”
growth, and increase geopolitical stress. This challenge is global, and the G20 must address it urgently.

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

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

One cannot reach agreement on all issues at a global scale,\textsuperscript{26} so we must determine at what scales collective agreement on particular outcomes is feasible. To apply and enforce norms, we need appropriate scales. Too narrow a scale – limiting normative and legal frameworks to culturally homogenous communities – enables widespread acceptance, but leaves issues of the commons unresolved, posing high risk. Assuming that the preferred norms of any community are universal, and can be applied globally, has proven counterproductive.\textsuperscript{27}

The proper scale is a function of the communality, or diversity, of the interests at stake; and the variety of the communal values on which an agreed solution can be founded. While coercion has often been used to impose outcomes on communities in history it is unsuited to a highly-connected and largely transparent world.\textsuperscript{28} While force is, and will be, used to punish those that pose threats to communities, this can only be done to those on the margins of national\textsuperscript{29}, regional\textsuperscript{30} or global\textsuperscript{31} societies, if comity is to be maintained. For acceptable


\textsuperscript{27} The revival of cultural and religious identities, especially in extreme forms, in the face of modernization, secularization and westernization in the past quarter century; and the rise of nativism and populism in advanced economies in response to negative social impacts of globalization and mass migration more recently, are salient examples.

\textsuperscript{28} There are, of course, still instances in which this is done: Moscow’s actions in Georgia and Ukraine; NATO’s in defeating government forces in Libya; and those of the U.S. led coalition in Iraq, are cases in point.

\textsuperscript{29} The criminal justice system buttresses the normative and legal framework of each national society in prosecuting and punishing sever offences.
levels of social stability, the great majority of actors must accept the moral values that underpin the society, and the norms it applies.

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

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

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


33 https://www.wto.org/english/tratop_e/dda_e/dda_e.htm


36 In 2015, 196 parties to the convention attended the UN Climate Change Conference in Paris from 30 November - 12 December, and adopted the Paris Agreement by consensus, aimed at limiting global warming to less than two degrees Celsius, and pursue efforts to limit the rise to 1.5 degrees Celsius. The threshold for entry into force of the Paris Agreement was achieved on 5th October 2016, with the Agreement entering into force on 4th November 2016. http://unfccc.int/paris_agreement/items/9485.php
economies about their obligations due to the carbon intensity of their development paths, to focus on what all could do to achieve mutual benefit.

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

Likewise, the adoption of seventeen Sustainable Development Goals (SDGs) to end poverty, fight inequality and tackle climate change in the 2030 Agenda in September 2015, was a substantial achievement. Like the national contributions to which states committed in the Paris Agreement, the SDGs are not legally binding, though governments will establish national instruments to enable their achievement. States are responsible for implementing them, and for collecting national data, to feed into regional reviews, for global consolidation.37

The success of these bottom-up approaches accords with research commissioned by FutureWorld Foundation into national perspectives on environmental sustainability; socio-economic equity; human, national, regional and global security; and norms and cultural values.38 That research suggested that a triadic structure of governance will likely be most effective, keeping most responsibility for decision-making at national levels, and consolidating at regional and global levels only the most urgent and systemically vital issues. This would involve our -

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

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

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

The Conference would seek to clarify:

- The shared interests and common values of all humanity, as well as the diversity of individual, community and national interests, and the varied ways in which human societies assemble hierarchies of universal values;
- the principles – based the dignity of the human person and the need to balance environmental sustainability with human, national and global security, and equitable socio-economic advancement – that should guide the workings of systems of governance at national, regional and global scales;
- the rules of international law by which state parties agree to be bound, and the normative conventions they will undertake to respect, in their relations with one another;
- the purposes and characteristics of an international order in the 21st century;
- the institutions needed to keep the peace, enable responsible growth and development, and promote human dignity and ecological responsibility;
- the ways in which states, communities, interest groups and individuals ought to be represented in, and able to influence the deliberations, decisions and actions of, these institutions;
- the nature and workings of an appropriate world system that will enable dynamic stability through the expression, aggregation and reconciliation of divergent interests; prudent legislation and efficient administration of matters affecting the global commons; and effective, legitimate adjudication of disputes by applying recognised statutory, and peremptory principles of customary, international law.
If agreement is reached on the defining elements of an *end state in 2030*, discussions on how to achieve it will be more constructive. Experience in conflict resolution teaches that even conflicted actors can discuss strategy effectively after they have reached agreement on goals.39

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

Please note:

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