

Taking Interdependence Into Account: Reforming Multilateralism

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Introduction

The current system of multilateralism has been designed to support a world order based on the Westphalian state model and concept of sovereignty, including the notion of non-interference by outside forces into states' internal affairs. However, as an examination of today's realities shows, we have, in a gradual, often haphazard, and therefore, perhaps barely perceptible way, shifted into a new world order: an order marked by increasing openness of national borders and deepening policy interdependence among countries.

Yet policymaking institutions at the national and international level have not yet fully adjusted to this new reality and are, therefore, increasingly lacking effectiveness, leaving problems unresolved, and entangling the world in an ever denser net of global crises.

Thus, a major challenge for the international community is to reduce this "adaptive inefficiency" (to use Douglas North's terminology) and explore desirable institutional innovations. The aim of this note is to suggest a list of possible reform measures that could be considered in this context.

The conventional system of multilateralism is comprised of two distinct but also often intertwined branches: 1) an efficiency branch, through which countries address transnational, regional and global public policy concerns in their national self-interest; and 2) an equity or foreign aid branch, which helps countries to realize their shared moral and ethical aspirations in terms of such goals as global poverty reduction.

This note focuses on adjusting the efficiency branch of multilateralism to today's realities, because it is this branch of international cooperation that has been most affected by recent changes, notably by the growing importance of global public goods (GPGs)—border-transgressing challenges that could affect many, if not all countries, current and future generations.

The discussion shows that adjusting multilateralism so that it can effectively, efficiently and equitably address today's global challenges calls for fundamental reforms at the national as well as international level. These reforms need to be undertaken in a concerted manner so as to complement each other, matching the span of public policymaking with the span—the globalness—of the challenges to be addressed.

Suggested reform measures

Among the reforms that seem to deserve priority attention are, in particular, the following.

1 Recognizing globalness as trans-nationalness

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The term “global” is often been used as a synonym of international, denoting things and conditions, including organizations and actions that happen beyond national borders.

However, global policy challenges for the most part are challenges that cut across national borders—global climate change, excessive financial volatility, or communicable diseases. They potentially affect all or anyone worldwide, sometimes even for generations to come. They are, as economists say, global-public in consumption. They constitute GPGs.

Important is to recognize that being affected for the most part happens locally, in people’s daily life. Put differently, GPGs matter to people’s wellbeing often as much, if not more than local or national public goods or people’s access to private goods. This does not imply that all people value all GPGs equally. To the contrary, preferences vary, especially across nations. It only means that GPGs matter to people’s wellbeing, regardless of where people live and who they are. Moreover, most GPGs follow a “summation process”, meaning that the bulk of their building blocks are national and regional public goods to be provided in a concerted, harmonized way. No nation, however powerful, can adequately address GPGs alone. GPGs involve consumption and provision interdependence. They require concerted crossborder cooperation, national and international-level action that have to come together in order for the desired good to emerge.

Thus, GPG-type challenges have to be distinguished from the conventional foreign affairs concerns, which have in large measure been issues of rivalry and competition among states, e.g. territorial struggles. They must also be distinguished from foreign aid concerns. Conventional foreign affairs issues tend to lend themselves to power politics; and foreign aid is often driven by moral and ethical or also foreign affairs interests. Yet GPG issues call for joint and cooperative international policymaking.

2 Forging global consensus on a concept of responsible sovereignty

Because of the transnational properties of GPGs an effective and efficient system of multilateral cooperation that supports the provision of these goods must be rooted at the national level and have at its core, a principle of responsible sovereignty.

Responsible sovereignty would imply that states respect the sovereignty of other states, and to this end, comply with agreed-upon norms of managing spillover effects from their jurisdiction into the global public domain, notably if such spillovers would cause undue harm to other nations. Responsible sovereignty would have an external dimension, viz. the respect for the sovereignty of other states, and an internal dimension, viz. states’ duty to protect people within their jurisdiction against cross violations of universal human rights.

3 Expecting states to act as intermediaries between external and domestic policy concerns

Such a re-conceptualization of sovereignty would, in turn, entail a change in the role of the state. States would be expected to act as intermediaries between national interests, on the one hand, and global and regional policy expectations and exigencies, including those posed by nonstate actors, on the other hand. Interestingly, many, if not most states, including the most powerful ones already perform such an intermediation role. However, they do so hesitantly, because notions of non-interference are still strong. Yet if globalization is to be better managed, both, a

revised concept of sovereignty and a recasting of the role of the state along the suggested lines are indispensable.

4 Enhancing international democracy

For states to play such an intermediation role with legitimacy, they must be seen by national constituencies as having an effective and fair voice in matters that concern the country. This requires a strengthening of international democracy, including a reconsideration of the criteria of fair representation, taking into account that interdependence has two sides: one, utility interdependence (the welfare and wellbeing of a state being affected by spill-ins from other jurisdictions); and two, provision interdependence (the fact that in many cases, states need to cooperate in order to address global problems). The circles of the affected parties and the parties holding the key to corrective action do not always overlap. Yet for international cooperation to work, it is important that all concerned have an adequate voice in decision-making.

5 Fostering issue-specific international cooperation mechanisms

The provision path of GPGs tends to be highly issue-specific, involving different stakeholders and actor groups and calling for different sets of policy measures and financing arrangements. Importantly, while some global policy interventions are of a corrective, and therefore, temporary nature others deliver longer-term services. Therefore, it is important also to design issue-specific governance (negotiation and delivery) mechanisms and to distinguish between core institutions providing a longer-term service (and hence, requiring predictable, longer-term financing) and more temporary arrangements designed to be closed upon the accomplishment of their mandate. Stakeholder and actor groups, and thus, incentive structures may even vary from sub-component to sub-component of a good so that sub-component-specific arrangements might even be desirable.

In fact, a growing trend towards greater issue-specificity of international cooperation is already discernible. During the post-1990 era, international cooperation mechanisms have rapidly been proliferating and diversifying.

6 Strengthening risk prevention and management in select issue areas

Globalization comes accompanied by increased volatility and risks. Therefore, collective measures of risk prevention and rapid response capacity are, now, required in several issue areas, including besides peace and security also such fields as international finance, the environment, and global health. In all these areas it would be desirable to establish bodies that could function as a security council (of course, with appropriate membership) and would have at their disposal, instruments and resources for a rapid and effective response to crisis situations, including revolving funds for humanitarian assistance or facilities to support developing countries in coping with external shocks.

7 Creating a global, institutionalized leadership council

Perhaps most sorely lacking today is a global leadership body concerned about global prosperity, equity and sustainability. Evidently, this lack is being felt, because various organizational

innovations have occurred, including the establishment at the head-of-state/government level of the G-20. Yet the G-20 is an informal body and a body, whose membership some countries would like to see revised so as to foster enhanced representativeness while maintaining decision-making effectiveness. Moreover, it is, at least for the time being, primarily concerned with financial stability.

In order to be perceived as legitimate by all parts of the international community a more institutionalized global leadership group would perhaps need to be set up as a charter-based intergovernmental body; and importantly, it would perhaps need a comprehensive mandate to help the international community to break out of cooperation stalemates by, for example, fostering cross-issue bargains.

8 Developing an operational arm of the efficiency branch of international cooperation

States have since long engaged in the provision of GPGs, notably the establishment of global norms intended to guide their national-level behavior, relations between them or their access to rival natural commons, including the world's land and sea areas. These norms have, in large measure, been non-binding on states, except mainly for those that concern states' sovereignty and the inviolability of national borders. This has changed with increasing openness and interdependence among countries. Now, greater emphasis is being placed on de facto compliance, and therefore, also on assisting and incentivizing "weak-link" countries to meet international norms, lest undesirable crossborder externalities may continue to adversely affect others, or certain GPGs, like biodiversity preservation, may not be available, making all nations, including future generations worse off.

So far, the operational activities of the efficiency branch of global public policymaking have often been woven into the equity arm—perhaps, for pragmatic reasons and being able to respond promptly to urgent global challenges. This has been to the detriment of both so that it would be desirable to develop a separate operational arm of the efficiency branch, together with new and additional policy approaches as well as sources and instruments of financing.

Separating the efficiency branch from the equity branch would not necessarily imply that there are no synergies between the two branches. To the contrary, adequate GPG provision can foster development; and development can contribute to enhanced GPG provision.

9 Constructing fair international-cooperation bargains

Like preferences for private goods preferences for public goods, notably GPGs vary—for geographic, cultural, economic, social and political reasons. Therefore, disaggregated, country- and region-specific cost/benefit analyses must complement global analyses (such as those presented in the Stern Review) in order to identify and offer appropriate incentive measures that would allow all states to recognize that cooperation generates significant net-gains for them. Constructing fair bargains could enhance compliance and foster international cooperation effectiveness and efficiency—to the mutual benefit of all.

10 Developing a new social science discipline: global public policy

Global public policymaking today lacks guidance from the standard theories in the field of social and political sciences, which—like policymaking itself—remain largely divided along the

domestic (e.g. public economics/finance) and foreign (e.g. international economics/ international relations) divide. Yet important contributions can be found in more specialized literatures like those on global environmental or health issues. Moreover, since some of the proposed reforms already exist in an incipient way, there also exists practical-political experience to build on.

Conclusion

As the foregoing discussion shows, adjusting the present system of multilateralism to today's realities requires fundamental reforms, nationally and internationally. It requires transnational, cooperative solutions and policy approaches. While power politics and foreign-aid concerns remain important, efficiency thinking, and thus, public economics considerations will become more important in the international-cooperation domain.

But are states ready to consider a reform package of the type suggested above? It appears they are, because a standard phrase in many policy statements is that "no one nation alone can tackle today's global challenges". Governments and their constituencies are increasingly realizing that non-cooperation has, at times, higher costs than cooperation. Put differently, national policymaking may be more constrained under conditions of absolute than responsible sovereignty.

Moreover, a shift in global power patterns towards multipolarity is discernible. This means that there will be greater pressures for international democracy, and thus, for more joint and mutually beneficial decision-making.

Therefore, the time could be ripe for the establishment of a high-level international commission under UN auspices to examine and advise on a redesign of multilateralism to make it fit for the 21st century—a world order of interdependence, and for governments to commit themselves to consider the commission's report at a special session of the UN General Assembly—perhaps a San Francisco II.

Literature references

This note draws on the following publications of the author:

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See also: www.globalpublicgoods.org/, www.thenewpublicfinance.org/ and the knowledge portal at www.gpgNet.net/.

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