

Transition to Effective Global Governance

Session chair and panel moderator was Jessica Mathews, vice president of the World Resources Institute; participants included William Drayton, chair and president, The Ashoka Fellowships; Bruce Murray, professor of planetary science, Caltech; Peter Ordeshook, professor of political science, Caltech; and John Steinbruner.

If John Steinbruner's concept of cooperative security or engagement offers the possibility of a new pattern of international politics, the question remains as to what specific form that pattern might take.

As the moderator of this session, Jessica Mathews described her panel's agenda as one of looking at currently unfolding political and economic trends and at conceivable results, with the hope that such a discussion would illuminate which paths we might want to follow and what key decisions might determine the paths we take. The term *governance* as used by the panel, she indicated, would cover not only the work of governments as the key actors that they have been in the past—particularly in relations between nations—but also the actions and influences of nongovernmental actors, including individuals as well as businesses and other multinational institutions. Transnational relations from the grassroots level all the way up to the highest level of agreements between states would be looked at, she said. In a similar vein, she had remarked in the session on ideology and culture that “one of the most profound trends we see around the world” is the delegation of “power and authority from nation-states, both voluntarily and involuntarily, to other actors—international business, and, in particular, individuals, both acting alone and in self-organized groups. . . . Groups of individuals, whether they are scientists, businessmen, laborers, or citizen activists, tend to offset the centrifugal forces that govern relations between states.”

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Harlan Cleveland made a similar point during his talk in the opening session. “It is of course increasingly true that world government consists mostly of what nongovernments do; that more of the initiative, more of the thinking, more of the control over real resources, more of the transnational behavior represent the actions of people who are not working in governments.” Even some governmental systems are working internationally. “We found a huge laundry list of things that are working that you never hear about because they *are* working, starting with the world weather watch and the civil aviation and international telecommunications arrangements and so forth. . . . I was particularly struck, not with the more obvious point that these arrangements reflect win-win situations, but with the more subtle point that in all of these international institutional arrangements that are working more or less the way they're supposed to work, people forget to talk about sovereignty. Now this is not what the world federalists and others used to recommend—that we should abolish sovereignty. Not at all. It is that there has been a trend toward *pooling* sovereignty.” Increasingly, he said, people are realizing that sovereignty can be used “in league with other people's sovereignty in order to do something that neither of you can do alone.”

Bruce Murray made a comment that threw a somewhat different light on international arrangements that work. In terms of the earlier economic discussions, he said, “we realize that in order to get the price right, we really have to

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have governmental arrangements with coercive capabilities in order to make something like the Montreal protocol—which phases out chlorofluorocarbons—work.”

Peter Ordeshook, in his talk, addressed just this issue. He began by discussing the Persian Gulf War. Whereas John Steinbruner had emphasized the traditional confrontation-of-alliances aspect of the United Nations coalition, Ordeshook took from it the oft-reiterated lesson that, in the face of a threat, nations are able to put aside their differences and engage in collective action. “Suppose we tentatively agree to the existence of a new type of threat—an ecological one. Will this universal threat lead to a fundamental change in the way nations or people go about their business?”

Speculating, Ordeshook looked at the types of governments based on federalist principles, “because they illustrate the circumstances in which states voluntarily abrogate a degree of sovereignty.” This focus raised two questions: what are the preconditions for the formation of federal states, and what are the conditions for their successful operation? “If we look at those federations that have formed since the Swiss Federation in 1291,” he said, “the objective in every case has been to counter an external economic or military threat—in general, a military threat. For the purposes of argument I think we can accept the hypothesis that ecological dangers pose a threat that might transcend other interests and fundamentally alter incentives for international cooperation. However, history and a good bit of theory tell us that such threats

merely provide the necessary conditions for collective action. They do not provide *sufficient* conditions because political institutions often fail to adequately accommodate two facts.

“First, social policy in general and environmental policy in particular entail the redistribution of wealth. That debate rarely has an outcome that, once agreed to, terminates disagreement. Second, cooperation emerges only if there is a reasonable expectation of enforcement, and is sustained only if that expectation is realized. Because ecological issues concern matters in which people fail to take full responsibility for their actions and prefer to free-ride on the actions of others, contracts must be written to preclude free-riding—and contracts require enforcement.”

One class of federal agreement involves loose confederations or alliances that “may or may not allow for sanctions against those who defect.” This, Ordeshook guessed, might typify the “new world order” implied by the Persian Gulf coalition. The more typical fate of such loose alliances, however, is illustrated by the events leading up to the drafting of the U.S. Constitution. When jurisdictional, territorial, and tax disputes arose among the original states after the revolutionary war, the Articles of Confederation proved inadequate even in the face of a continuing military threat. Of course, he added, the formation of the Western Alliance or the development of today’s global economy might seem to be counterexamples to the idea that confederations are inherently unsuccessful, but they actually illustrate another fact: in response to free-rider problems, decentralized cooperation generally requires a central authority, “in whose interest it is to bear most of the organizational and enforcement costs. Indeed, this is the traditional source of enforcement. In assessing the feasibility of decentralized confederations today, I think we should ask: ‘Is anyone capable of playing this role in the foreseeable future?’ To be honest, I doubt that it can be Japan. Few see Japan as a leader of anything except the pursuit of market share. I doubt it can be the United States, which is incapable of balancing a budget, or Western Europe, which is led by a burgeoning bureaucracy and encompasses states that still dream of lost empire.” Nor could he include the remnants of the former Soviet Union, even if they don’t “first veer toward totalitarianism.” This was not to say, he made clear, that voluntary confederations are necessarily ineffective, but only that their “effectiveness declines precipitously as redistributive matters gain importance, and as the full cooperation of all decision makers becomes essential.”

The alternative to a voluntary confederation is the kind of agreement “that resembles a centralized federal state in which countries much more explicitly abrogate part of their sovereignty. Returning to my earlier question about the components of successful federal forms, both experience and theory point to two necessary features. First, in a successful federal arrangement, no party can greatly outweigh any other because such disparities again exacerbate redistributive issues. This is the problem the European Community is likely to confront in the future, and it is a problem that precludes any reformation of the Soviet Union on democratic principles. Second, there must exist political organizations that transcend the kind of internal divisions that foster redistributive politics. Consequently, centralized federations based on proportional representation that must contend with geographically based ethnic, religious, or racial cleavages are the most difficult to maintain. The particular problem here is that of imagining an international political entity to which nations abrogate sovereignty without first obtaining guarantees of representation based on size, wealth, or population. Indeed, I have difficulty imagining agreement even on the nature of representation.”

Ordeshook went on to emphasize that his arguments should not be interpreted to mean that collective political solutions to international ecological problems aren't feasible. “Redistributive issues need not be inherently zero sum, and they need not be the policy instruments of governments only. Schemes to compensate people for the short-term economic losses that accompany the pursuit of long-term economic or ecological gains can originate out of individual self-interest such as the desire to develop markets and secure investment opportunities. Also, we shouldn't discount the possibility of inventions in governance and in the structure of markets themselves. After all, the United States is such an invention.”

In summary, Ordeshook said that “although the common threats we face are self-evident, those threats alone will not dictate events. Distributive consequences cannot be ignored, and we should be prepared for strong undercurrents of economic competition continuing to dominate international affairs. Indeed, if we can predict anything, it is that these undercurrents will in all likelihood play a primary role in both correcting our political errors and obstructing our political inventions.”

The idea that economic competition might deter political inventions as well as errors reemphasized the human and organizational

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dimension mentioned by Jessica Mathews at the beginning of the session. It is this dimension that William Drayton concentrated on during his talk.

Drayton first of all admitted that he found disturbing the *Brave New World* scenario outlined by Bruce Murray (carried here in the chapter on beliefs and value systems). Drayton expressed the hope that “we are spiritual people and that we will not allow that to happen.” Nevertheless, the past several decades have been discouraging: the disparity in per-capita income, between bottom and top, is more extreme than ever. As our own society has perceived itself becoming poorer, the strong have increasingly taken from the weak. “One could be very pessimistic,” he said. Against that Drayton set what he described as the past 2,000 years of ethical evolution. He expressed admiration for the late Jean Monnet—considered by many to be the father of the European Community—who, said Drayton, concluded that “we just can't continue in this divided condition.”

According to Drayton, there are two basic questions. First, where are we going to find the energy for change—how are we going to find the leadership, the driving force to make all the many changes that must take place? Second, what opportunities will build that kind of momentum? Some elements of the pattern are clear. We know we are going to be dealing with more and more problems—yet, although those problems represent opportunities, many of our existing institutions aren't capable of dealing with them. Such institutions lack sufficient scope, are too rigid, or have the

Spontaneous and widespread political response in November 1989 led to the breach of the Berlin wall and ultimately to German unification.



wrong institutional culture.

Drayton talked about “champions of change.” He hoped that as we learn how to run our large institutions better, and as more and more societies become democratic, that some of those institutions in fact will open up and produce significant change. People are the key. Drayton called for more *public entrepreneurs*—people who will provide the same kind of leadership in the public arena as entrepreneurs do in the private sector, whether in education, human rights, or some other area. There is, he said, a “whole array of areas that don’t fit the commercial reward structure. We need to build the institutions that will support the Florence Nightingales and Gifford Pinchots and the people who founded the antislavery leagues.”

If we are going to have the capacity for that kind of experimentation, investment, and contribution, we must reduce the role of economics, and that probably will require fundamental structural changes. Drayton gave an example, pointing out that millions of adults have no children under 14, have nothing wrong with them physically, and are not involved in any institution—indeed, are not working at all. They represent a vast, unused resource. Drayton wondered whether utilizing that resource might be made more economically feasible if we shifted the price of natural resources and the price of labor in relation to each other. We currently tax employment at roughly 30 percent through social security, unemployment, and other taxes, and he suggested shifting that so that natural resources and labor are taxed on a more equal basis. He felt

that this might produce a more vigorous and environmentally sustainable pace of economic growth, while at the same time decreasing the number of people dependent upon government support.

A secondary but important question is how to help children learn the cultural skills necessary for working with groups of strangers—the kind of skills needed for running a decentralized society. More important yet, how are the children of the poor to be educated as the world becomes ever more information-intensive? As he concluded, Drayton emphasized again that a system must be built to encourage the people with the energy, the strategy, the push, and the entrepreneurship to create a sustainable world.

Perhaps the strongest note of hope was provided by John Steinbruner, during the session’s question-and-answer period. It is true, he said, “that this entire agenda is not going to get very far along until people start thinking about it, discussing it, having opinions about it, and conveying those opinions to one another. Somehow we must lift the horizons of the entire national discussion.” That could already be happening. Sometimes, he said, it is difficult to see the shift from an old order to a new as it is happening. “Witness the process of German unification. As it occurred, no one in power had any idea that it was about to happen, and they were responding to something that was very spontaneous and widely distributed—they were taking instruction, if you will, from widespread political opinion.

“It is a very powerful mechanism.” □