

Let's Be Bold on Global Governance Reform!

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The world has become more interdependent, yet no progress is being made toward an effective, coherent system of global governance. The various pieces of the fragmented system in place (from the UN to the Bretton Woods institutions at the more formal end to the G-7, G-8 at the more informal end) have not kept pace with change in the world. Many scholars, policymakers and journalists argue that the institutions established after World War II have lost much of their relevance and do not add up to the system that managing the world's growing interdependence demands. Broadly speaking, we need a global governance system that reflects the geopolitical and economic world of the 21st century.

What should be the fundamental principle of a system of global governance that will result in effective institutions? In their new book, *Power and Responsibility*, Jones, Pascual and Stedman make a convincing case for “*responsible sovereignty*.” Based on an idea originally proposed by the African scholar Francis Deng, they argue that “sovereignty entails obligations and duties to one's own citizens and to other sovereign states.” This is different from the traditional view of sovereignty that focuses on non-interference in the internal affairs of other states. Rather, states owe things to other states, including the need to take responsibility for international repercussions of actions or policies.

What Criteria?

What would constitute an effective system of global governance? What would be the criteria for national representatives to be offered a seat at the global governance table? This group would have to combine *representation*, which means including the bulk of the global population, with *effectiveness*, which implies having access to the resources—and clout—to turn decisions into action and intentions into results.

Before exploring the criteria, though, a point of process: to have lasting credibility, a system of global governance has to be based on *transparent criteria*. Neither a ‘club’ approach (à la OECD) nor a ‘hosted’ approach (such as the G-7 expanding “by invitation” to a G-20) would meet this transparency requirement.

The first criterion we propose goes to the root of democracy—rule of the people. It is quite a different thing from ‘statocracy,’ or rule by sovereign governments. Isn't recent economic history—the rise of China and India, for example—a vindication that we cannot forget people?



Bretton Woods Non-Commission

CGD president Nancy Birdsall launched the Bretton Woods Non-Commission in March 2009 to stimulate the creation and sharing of fresh and perhaps even revolutionary ideas for changing how the World Bank and the IMF are run—specifically, who decides what they do and how they do it. For more information see <http://www.cgdev.org/non-commission>.

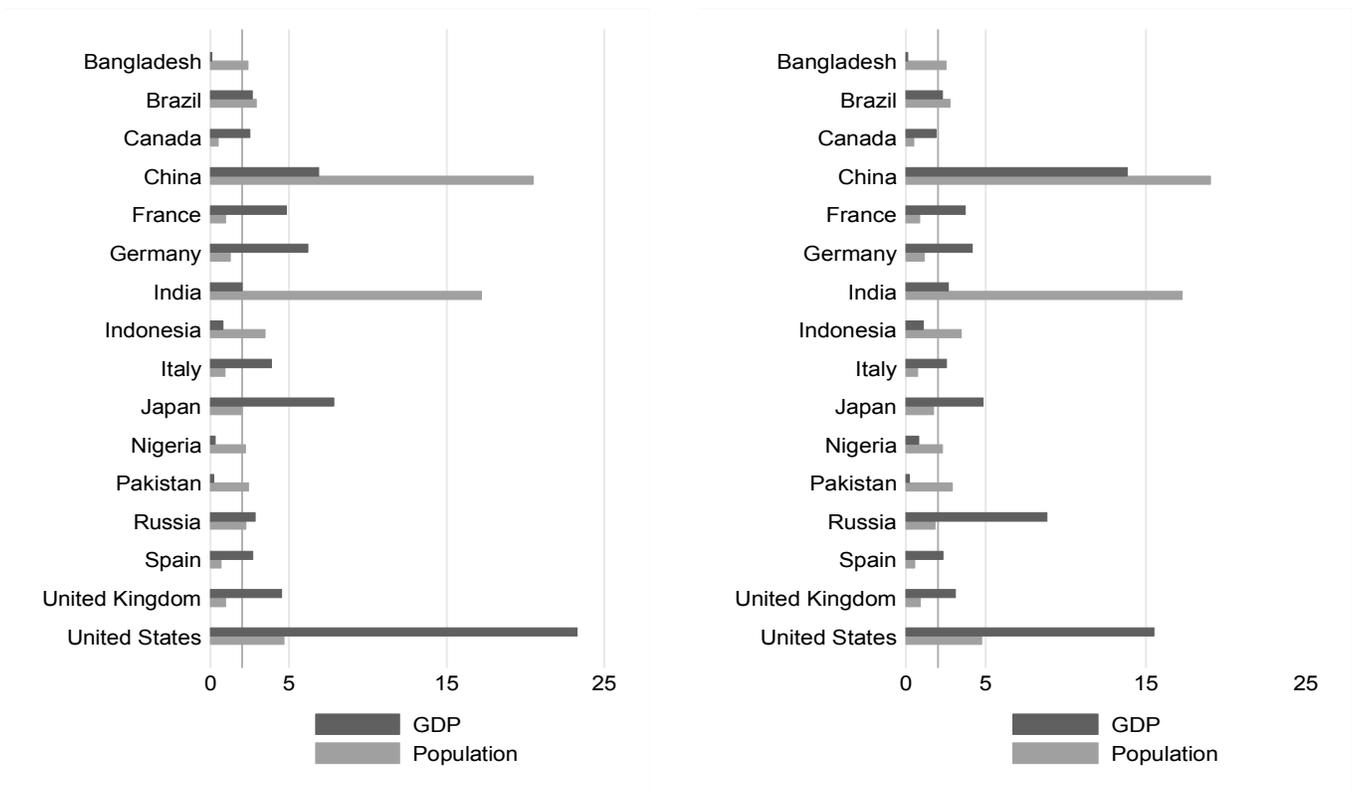
For a system of governance to be credible, people must be a central component—maybe even the make-or-break criterion for *representation*.

The second criterion reflects pragmatism—the governing body must be effective. The experience of effective multilateral interventions suggest that having a reasonably small number of actors who have access to economic resources is likely to be a sound basis for *effectiveness*. GDP is a good proxy and should be a central component of any global governance mechanism. The ideal system of global governance must strike a balance that includes people (democracy) and economics (resources).

An objective application

Figures 1a and 1b combine the two criteria to determine a list of countries that would need to be individually represented at the global governance table for 2008 and on the basis of projections for 2020. We chose 2 percent as the threshold after carrying out sensitivity analyses of higher and lower thresholds while keeping two objectives in mind: the list has to be as short as possible (to make the table dynamics manageable) and the countries in the list must account for the bulk of people and economic resources in the world (or, conversely, the “rest of the world” does not account for a large residual after the listed countries are taken into account).

Figure 1a and 1b: The 2 Percent Club of Global Governance in 2008 (left) and in 2020 (right). (GDP and population shares as percentage of world totals.)¹



¹ Canada is still represented in Figure 1b because it will be only very slightly under 2 percent of global GDP in 2020.

This simple exercise shows that 16 countries currently meet our criteria of having either a GDP share greater than 2 percent or a population share greater than 2 percent. These 16 countries account for 72 percent of GDP and 65 percent of population in 2008. In 2020, this number would be reduced to 15 because Canada is projected to slip just below a 2 percent share of GDP. The “rest of the world” share remaining after the individual, core countries are taken into account amounts to well under 40 percent of either GDP or people—both currently and in the 2020 projections.

But for a global governance system to be truly representative, it must also deal in some form with a third criterion: *universality*. To provide a basis for incorporating notions of universality and minority rights, we (exceptionally) stay with tradition and recognize that the regional groupings we propose have ‘traction’ indicative of natural constituencies. With the “rest of the world” grouped into in five regions, the remaining GDP and population shares show that the remaining countries are reasonably balanced, as described in Table 1.

Table 1: GDP and population shares of the five regional groupings of remaining countries

	<i>GDP share 2008</i>	<i>GDP share 2020</i>	<i>Population Share 2008</i>	<i>Population Share 2020</i>
Remaining Africa	1.4	1.9	9.6	10.4
Remaining Europe	4.4	6.8	5.6	6.2
Remaining MENA/S.Asia	5.1	4.9	6.5	6.5
Remaining Americas	13.1	13.0	6.7	6
Remaining E. Asia/Pacific	4	7	5.7	6.7
TOTAL	28	33.7	34.0	35.7

In sum, we present a ‘map’ of the world in 2008 with 21 components that have critical meaning for governance—16 individual countries plus 5 regional groupings (Americas, Europe, Middle East/South Asia, Africa, East Asia/Pacific). The 2020 projections would alter this configuration somewhat. They provide an idea of how the system would need to be flexible, but more importantly, they underscore the basic stability of the approach.