

Comments on “Global Markets, Global Citizens, and Global Governance in the 21st Century,” by Nancy Birdsall, with Christian Meyer and Alexis Sowa

Pratap Bhanu Mehta

There is widespread agreement that there is a “global governance” deficit. The architecture of global governance does not serve the interests of the poor. This architecture is increasingly producing a series of deadlocks on the major global challenges, like climate change, trade, inequality, and cyber security. And this architecture does not adequately recognize our deep interdependence: the political processes at the global level do not adequately take into account issues that create spillovers and affect citizens in other countries.

The paper by Birdsall, Meyer, and Sowa provides a moderately hopeful assessment of the prospects for global governance. Their optimism comes from one sociological claim: that there is a greater global consciousness among newly emerging middle classes, who increasingly think of their identity in global terms. Truly global communication is now possible. It comes from one organizational claim: that civil society movements are now so organized to be able to have their voice heard at the global level. It comes from one geopolitical claim: that the balance of power is such that no single country or small group of countries can dominate the global system without challenge. These changes may give more incentives to countries to cooperate and create a consensus on important issues, since powerful countries can no longer assume that they can simply command and others will follow. And finally, there is an implicit normative claim that we recognize the desirability of cooperation.

These large-scale changes might provide a propitious backdrop for the reform of global governance. Even if we do not have a global demos, the prospect of transnational solidarity is enticing. Even if global institutions are not fully representative, they can act as deliberative forums that take diverse civil society voices into account. Even national governments can and do engage with civil society groups from other parts of the world. A shift in the global balance of power will produce pressures to make global institutions like the IMF more

Pratap Bhanu Mehta is the president of the Centre for Policy Research, a New Delhi-based think tank. These comments were prepared for the Towards a Better Global Economy Project funded by the Global Citizen Foundation. The author alone is responsible for its content. Comments or questions should be directed to pratapbmehta@yahoo.co.in.

representative. New organizational forms like the G20 are emerging to challenge older, more exclusive clubs. And finally, we are beginning to recognize that our destinies are intertwined.

Most of what the paper says is correct and characteristically well argued. And I don't disagree with the claims advanced. Many of the institutional proposals, particularly on the reform of the IMF, World Bank, and G20, are eminently practical. But just to push the boundaries of the discussion and to offer a provocation, let me ask the old question: "So what?" If these trends are propitious, what is the problem? Why is it that, as the paper puts it, "the politics, rules, and institutions of cooperation among nations have not kept up with the demands from global citizens for fairer and more farsighted global political order?" Is it because of an undersupply of global governance? Or does the problem lie in the ways in which domestic politics functions in countries? And can these seemingly propitious trends overcome those constraints?

We all agree that better global governance is a desirable outcome. But will global governance be achieved if we make it into a project, something we self-consciously aim at and design? Or, rather than assume that better global governance is the solution to global problems, should we not focus on how domestic governance generates these problems in the first place? The global order does not represent the poor, the paper argues. But by the same token, neither do domestic political orders. Why do we think a solution at the global level will solve that particular problem?

The Poison in the Cure

The paper hints at but does not fully explore an alternative but more dispiriting story. The very trends the authors see as providing momentum for better global governance might also work in the opposite direction: there may be tinge of poison in the cure, as it were. A newly emerging middle class might display greater global consciousness, but it might also lend momentum to another old sociological adage: no middle class, no nationalism. The rise of a global consciousness, we know since the time of the French Revolution, is quite compatible with and sometimes gives a boost to nationalism. The rise in global consciousness can take the form of emulation and comparison, but it ultimately creates competition. It is not an accident that politicians in most countries seem to think that there are very stringent limits on what they can sell to their middle-class constituents in terms of the necessity for international cooperation. The problem is not an undersupply of global governance. The problem is that global governance has relatively little traction in domestic politics. The urgent need of the

hour is not making global institutions more representative: it is giving those institutions a voice, a narrative, and a constituency in domestic politics. Even worse: the jury is still out on whether the structures of interdependence will ultimately trump the rise of the nationalism. From China to the United States, from Japan to Turkey, middle-class nationalism creates pressures to ensure that countries commit to doing only what is minimally necessary. The problem is that minimally necessary is not good enough for the nature of the problems we face.

The second trend—the rise of a global civil society—is similarly ambiguous. A vibrant, active, and admirable world of NGOs has done much to raise global issues and transform global consciousness. These networks are now a vital part of the global governance landscape. But I think the authors underestimate the degree to which such movements are also seen as undermining representative institutions. Most states are very suspicious of transnational civil society movements and are increasingly regulating them. There is also a sense that civil society movements, which deepen the deliberative process, also undermine representative ones. The unkind quip that those who can join politics while those who cannot join civil society is very much the common sense construction of NGOs in most countries. Their ability to work outside of representative politics and find a presence in global institutions makes them the object of suspicion rather than tools of global governance. Indeed, one could argue that the more international institutions are seen to be privileging some NGOs and civil society movements against the positions of national governments, the less likely it is that national governments will sign up for global cooperation. It is not an accident that the United Nations' greater openness to NGOs has coincided with its greater irrelevance for most governments. The world order still sees empowering NGOs by the backdoor as undermining democratic processes. NGOs are most effective not when they are key pivots in global governance but when they transform the structure of domestic politics by changing norms.

The third trend—the shift in the balance of power—contains both possibilities and pitfalls. It creates pressures for new structures of global cooperation, but it also makes collective action more difficult. It is important to be very precise about the kinds of power shifts we are talking about and the implications they have for global governance. In some areas, like cyber security and drone warfare, for example, countries that have an immense technological lead have little incentive to cooperate and will risk world peace by unilateral action. For a while, it looked as if necessity would force governments to cooperate globally on energy governance. But recent

developments in the United States, including the discovery of shale gas, have dimmed the prospects of such global governance of energy markets emerging. There might still be a propitious outcome for global energy, not because of more global governance but because incentives for individual countries have changed. In other areas, like climate change, it is precisely this shift in the balance of power that is making a solution difficult.

At one level, one could argue that global governance has worked too well: in areas like climate change, there is a global negotiating process that is as wide ranging and representative as it can be. There is a balance of power such that no country can impose an unjust solution on any other. There is even a scientific consensus. And there is the full flow of NGOs and civil society groups. Yet we still end up with what philosopher Stephen Gardiner has evocatively called the “perfect moral storm.” The challenge is not the undersupply of global governance; it is the structure of countries’ domestic politics. Progress on climate change will not be achieved primarily through global governance reform; it will be achieved through changing the nature of politics in the United States and other large countries.

The same could be argued for trade. The deadlock in trade negotiations is a success for global governance yet at the same time shows how domestic politics rule the roost. Countries cannot now easily be pushed into doing what they do not want to do: hence the deadlock. Receptivity to breaking the deadlock will depend less on reform of the WTO and more on tackling the political economy in the major countries.

It is in this context, it is important to draw the right lesson from the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) story mentioned in the paper. At one level, the limitations placed on intellectual property rights in the agreement is trotted out as a prime example of what global governance can do for the poor. A coalition of developing country NGOs forced the United States to yield on intellectual property rights in ways that protected the interests of the poor. Was this a triumph of global governance? In a way, yes. But what made it possible were the following conditions. First, there was pressure in the domestic politics of the major countries not to give in to the United States on the issue of access to pharmaceuticals by the poor. Second, because of the protectionist choices some of these countries had made, there was a powerful industry lobby for producing generics. In short, a good global outcome was achieved not because of more global governance but because domestic politics moved in a certain direction. It is not an accident that when India’s domestic drug industry became more diversified and had a lobby to move for more stringent

intellectual property rights protection, the Indian government began to move away from its traditional concern with cheap drugs. Only a decision by the Indian Supreme Court allowed the local generic industry to subvert the United States' views on patent protection. In short, the nature of global governance was an outcome of other processes, not the solution.

The Cure in the Poison

Under what conditions does global governance arise? To simplify matters somewhat, one could argue that institutions arise when they serve the interests of power. Institutions of global governance were designed for two objectives. The first objective was to prevent armed conflict that could assume the proportions of a world war. In some ways, these institutions managed to do so, although they could not prevent the costs of competition between great powers being imposed on a range of regions like the Middle East or Pakistan. It could also be argued that what created the "stability" of the world order was not global governance but exogenous developments like the development of nuclear weapons.

The second objective was to create conditions that would guarantee the stability of global capitalism. You don't have to be a Marxist to recognize this. Creating the conditions for this stability often required appropriating resistance to the global order, providing space for it, and thereby neutralizing its radicalism. Stability also required creating conditions for its legitimacy. It is not an accident that mechanisms of global order have been rather swiftly improvised when fundamental stability of the global financial and economic order was at stake. The G20 was born in such a crisis, first during the East Asian Crisis and then at a higher level during the recent financial crisis. Under these conditions, it did its job of being a global steering committee rather well. But there is a lesson here. Global governance reform, like domestic reform, is invariably the product of a crisis. It is seldom a product of calls for "reform." Areas of global attention that are not experienced as crises will not receive attention.

The nature of global governance will be shaped not by the middle class, not by shifts in balance of power or NGOs but by the nature of global capitalism. The real issue is not going to be global governance but how different states conceptualize the relationship between state and market.

The global economic order, crafted under American leadership, proved fairly resilient, because countries like China and India decided it was in their interests to join that order. And it could be argued that for all its antipoor bias, that order provided the opportunity for lifting

millions out of poverty. The authors point out that even with modest improvements, much of the “global” citizenry will remain very poor.

Part of the reason why there is a sense that there is a global governance deficit is not so much that there is an undersupply of global governance. It is that our confident assumptions about what regulatory measures and norms would conduce to the stability of global capitalism have been shaken in two different ways. First, globalization increases the divergence between “elites” and the rest of the population within a country. I do not use the term “inequality” for this divergence, though certainly inequality could be one facet of it. Divergence is a broader political idea that can include the idea that some sections of society have more options, can potentially “secede,” and so forth. It can also point to the fact that global governance has largely been about the mobility of capital, not labor. But making the mobility of labor a priority again takes us back not to an undersupply of global governance but to ways in which the identities of political communities are constituted. Giving global voices an opportunity in domestic political debates may help. It may also be necessary, as the paper argues. But the objective is not global governance; it is transforming the structures of local politics.

Second, there is now a real contest over the rules of capitalism. This contest will be played out over diverse terrains, such as the permissibility of “industrial” policy to exchange rates. Most “developed country” states are covering up, as it were, for domestic inequality or stagnant wages by taking actions that kick problems down the road. In short, the issue is not so much what global governance will look like. The issue is what the nature of global capitalism will be. Can we no longer assume that productivity growth, income growth, and job generation will go together? If we can no longer do so, will we now get a very different kind of competition in the international system?

Part of the crisis of global governance is the lack of confidence that the private sector can measure and price risk correctly. But at the same time, states have incentives that lead to great regulatory failures. More than a rising middle class, the central issue for global governance will arise from confidence in states and markets. This confidence will have to be domestically generated. It seems unlikely that the causality will run from global governance to restoring faith in states and markets at the national level. It seems to me that both the problem of and appetite for global governance will depend on the call one makes on these fundamental propositions. But here is the tricky question: Are these debates going to be better served by focusing on reform of global governance institutions like the World Bank and the IMF, whose declining relative importance is generally a good thing? More options have been

generated for the developing world, not by global governance reform but by the cumulative outcome of domestic reform. Will better outcomes be achieved by focusing on the formal design of global institutions? Or are is a “bottom-up” approach, which focuses on domestic politics in these countries, without burdening that debate with arcane issues of global governance reform, preferable?

The problem is not where there an undersupply of global governance; the real question for global governance is what norms will underpin it. How are global norms generated? How do norms get institutionalized? It may be that the cause of institutionalizing the right norms may not always be best served by focusing on global governance. Think of two different ways in which this might happen. First, there is great skepticism about global governance because, as the last financial crisis showed, it did not provide immunity against ideological capture; indeed, it may have encouraged it. Although power and cronyism played role in the financial crisis, there was also a great deal of intellectual failure. It was not the undersupply of governance that produced the crisis but a seeming oversupply, where dubious norms became institutionalized rather too quickly.

Second, think of climate change. The climate action plans of most developing countries are far more progressive than their stance in international negotiations. Indeed, this is one reason why many observers think that a European-style top-down architecture will not work. The best chance for an agreement is based on the idea of a bottom-up architecture, which evolves out of existing shifts in norms. Converting the debate about climate change to a debate about global governance architecture, rather than about the dissemination of norms, diminishes rather than increases the chances of a solution. This proposition is debatable. But it does suggest the possibility that we need to think of dissemination of norms rather than creation of institutions.

If what I am suggesting is correct, there is a silver lining. What looks like a weakness (the undersupply of global governance) may mask the strength of this moment. The poison (the lack of collective action) may contain the cure, as it allows the possibility that new norms will emerge in a way in which focusing on global governance will not.

If the issue is the dissemination of norms, then the problem is not an undersupply of global governance but the fact that “global issues” have very little “representation” in national politics. The paper’s great strength is that it recognizes this. In an ironic way, the issue is not that ordinary citizens do not have access to the IMF or the United Nations Framework

Convention on Climate Change (UNFCCC); it is that the kinds of issues that the IMF or the UNFCCC have to wrestle with do not find place in national debates in the right kind of way. The relevant measure of “global citizenship” may not be identification with the globe but the degree to which global issues get reflected in national politics. These are two slightly different things. We need more research on this.

By Way of Conclusion

We need to be bit wary of the use of the term “governance.” The term was a conceptual innovation that signaled the idea that governance is about more than governments. But it has also become a strategy of depoliticization. We all look for “governance solutions” as a way of avoiding the rough and tumble of power politics, organization, socialization, leadership, and contestation of norms. Take a quick typology of global issues:

- Issues that involve dealing with massive asymmetries of power. I suspect cyber security and drones and possibly weaponization of space are good examples of this. These are areas where the technological superiority of the United States or possibly China will be such that they will have no incentive to even begin a serious conversation on norms. Here the global governance problem is mobilizing in the face of massive technological superiority.
- Issues where there needs to be coordination among national economies. There are win-win solutions, but much depends on the contingency of political cycles. Global rebalancing might be one of these issues (assuming no exogenous changes). This is the problem of aligning domestic politics with the demands of an interdependent economic world. It is a coordination more than a governance problem.
- Issues where there is genuine distributive conflict over who bears the burden of change. Climate change may be such an issue. But there are fundamental distributive conflicts. Here the question is what kinds of coalitions will emerge.
- Issues where there is a contest over norms or a contest of world views. Regulatory contests can often disguise distributive conflicts. But often they can also be genuinely good faith disagreements.
- Issues over which norms should take priority. It may be the case that two norms, environmental protection and open trade, may both have traction but different weights are assigned to them. For example, environmental concerns might suggest that countries should be given leeway in developing their own technology base in

renewables like solar panels. Yet existing WTO rules potentially block the dissemination and creation of new solar related technologies.

- Issues where we simply need to generate new norms (global arms trade regulation, for example).

The great lesson of the 20th century was that great reallocations in global power are often precipitated by small groups or small renegade countries. The problem is not matching power for power but taming the paradoxical power of weak states to disrupt the system. I must confess I find these indexes of great power domination practically useless when it comes to dealing with tricky problems. The blunt truth about globalization is that small entities can also make the world fragile: China cannot tame North Korea any more than the United States can tame Pakistan on nuclear proliferation.

These instances pose different types of challenges and need different types of political responses. More than institutions, they require a distinct kind of politics. My fear is that talk of “governance” has become a substitute for talking about politics: governance or the emphasis on institutional solutions can also represent a kind of depoliticization. I like the fact that the paper is a bit open ended in its conclusions. I take that to mean that it does not offer the false illusion of institutional design. Instead, it reminds us that we need to do the political hard work at every level. There is no solution outside the conditions of politics. Politics is, as Max Weber said, the slow boring of hard boards. It requires less sincerity about designing institutions and a lot more strategic and Machiavellian thinking about how to use contingent conjunctures to humanity’s advantage.