Promoting Innovation in Global Governance

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‘Promoting innovation in global governance’: reading this title, one might expect a concrete agenda full of suggestions on reform efforts: how to change the procedures and composition of global institutions, how to enhance legitimacy and representation in global fora, how to respond to the need for ever-growing political space where norms, rules and standards are to be borne that govern global economic, financial, social and communicative interaction and more. No doubt these are all important concerns that require attention. And yet we have and continue to fail making any significant progress in these domains while the context is getting ever more challenging as crises become more frequent and power is shifting.

This paper is a first effort to focus on the meta-level and outline a broader framework for thinking about innovation in global governance. Is it sufficient to merely think about adaptation and reform as we have over and over again? Or have we reached a critical macro structural juncture where transformation can and should no longer be excluded? The paper proceeds in two steps: first, it details why the present system needs innovation of a deeper kind. Second, it begins to explore how we can think about innovation and improving the conditions for innovation in global governance to occur.

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Why the Present System Needs a Makeover

To be successful, global governance needs to address three interrelated challenges: manage geopolitical transitions peacefully, provide global public goods and address “problems without passports” and (re)create legitimacy (also at national levels where it is being eroded).3

Managing Geopolitical Transitions

The club of those countries with the economic and political power to make a difference in world affairs – for better or for worse – is changing fast: less Western, fewer common interests, more ideological diversity are among the more important outcomes of this process as it continues to unfold. Managing this geopolitical transition is a major challenge for global governance. History offers few grounds for optimism. It was Thucydides, writing on the Peloponnesian War, who observed that, “The growth of the power of Athens, and the alarm which this inspired in Sparta, made war inevitable.” The rise of new powers has pretty much led to the same result ever since. True, Britain ceded power to the US rather peacefully, but this is the exception rather than the rule. World order did not survive the rise of Germany and Japan – and millions lost their lives as a consequence. As John Maynard Keynes and Harry Dexter White were soon to find out, it was a unique and almost uncontested position of monopoly power that allowed the United States to single handedly reshape and restructure the post World War Two global political and economic architecture furnishing it with a set of rules and norms that came to govern ever since. So by historical standards, a ‘peaceful rise’ of new powers would be a major achievement. And here the present focus is certainly Asia not Latin America. To conclude with relative certainty that Brazil’s rise (despite growing resentment within Latin America) will not lead to major war is much less daring than predicting that China or India will not be involved in major wars in the coming decades. Notwithstanding growing economic interdependence, Asia (with the US involved as a major external player) is a geopolitical tinderbox. Some historical skeptics might even argue that it still needs to go through another round of major devastating war of its own making in order to achieve a sustainable regional security order – such as was the case with Europe after

3 The following builds on Benner (2012).
two European world wars. It will take a lot of hard work on the part of the major powers and some luck to avoid this scenario and achieve a lasting security order in the Asia-Pacific without a further violent detour.

Moreover, unlike with previous geopolitical transitions, a ‘peaceful rise’ of new powers will be far from sufficient to ensure the success of global governance and global well-being.

Providing Global Public Goods

A second challenge will be dealing with runaway global challenges such as climate/energy, nuclear proliferation, environmental degradation and financial stability. These “problems without passports” (in the words of former UN Secretary-General Kofi Annan) seem to be ever increasing over the past decades and global efforts to address them are failing to catch up. Cross-border policy problems are deepening in terms of their speed, complexity and degree of contestedness.

In recent decades, the sheer speed by which the context, the environment in which we conduct public policy has changed significantly. Now mind you, this is often not by accident but due to conscious political choices by major powers (for example economic liberalization and the ensuing competitive pressures) and due to technological progress (the communication revolution). Fact is, however, that the new environment is posing enormous problems for traditional modes of bureaucratic regulation. Just think of the example of global financial markets, and the regulatory challenges national institutions face in keeping control over new financial products. Rarely can the public policy process keep up with the pace at which financial innovations surface in the marketplace. In fact and contrary to what some want us to believe, regulation has not been a burden for competition but has become a key driver for constant innovation. As a result there is a growing asymmetry, between regulators who constantly try to catch up with the regulated – a regulatory dialectic as Ed Kane pointed out over 30 years ago. It thus should come as no surprise that regulators fail to provide the public good of financial safety and stability in a sustained way, be it nationally and at the global level. This asymmetry is not just limited to government bureaucracies struggling with change and innovation in ‘legitimate’ markets. Illegitimate economic players such as criminal networks and terrorists, also innovate in their efforts to find ever new ways of laundering money. This poses enormous problems for government bureaucracies and efforts at international regulation.
Turning to complexity, a growing number of issue areas are being conceptualized and framed as ever more interlinked and multidimensional. Just think of the relationship between trade and environmental or social issues. The WTO tried to neatly separate trade from social and environmental concerns. In reality, it turns out that this is hardly sustainable. Or take the example of large dams. Large dams might provide huge economic gains for a developing country (for example in terms of energy supplies). At the same time, however, they can have disastrous ecological and social consequences – how does one balance the two? Or one step further up the ladder of complexity, consider, climate change. Scientists are just coming to terms with the complexity that a better understanding of the global climate system inevitably entails, let alone that our knowledge about the sources of change in the climate continues to expand. Or take the revolution in genetic engineering and its public policy implications that have yet to be fully understood.

Dealing with Contestedness

Third, fast-moving and complex challenges are also becoming more contested both within and across countries and regions. Take the issues just discussed, for example climate change. It is contested in terms of the degree of the problem within countries (at least in key countries such as the US) although there might be an emerging consensus on the fact that the world is facing a problem. At the same time, there is a high degree of contestation over what ‘climate justice’ means – who should pay the costs for responding to and arresting climate change given that most emissions have historically come from the ‘old’ industrial powers. Even more contested are issues surrounding the norm of sovereignty and intervention. Take the discussions on the Responsibility to Protect which have become ever fiercer after the Security Council invoked the norm in the case of Libya. And yet the deliberative spaces for these issues and a growing number of global issues both in structural as well as procedural terms date back to the immediate post world war two period.

This raises the third interrelated challenge – legitimacy. Short of embracing a narrow technical definition of public goods characterized by non-exclusion and joint-supply, the provision of public goods is a political process. At the very least (and that is a minimalist conception), the governments of the major powers need to support the key elements of global governance for it to be seen as legitimate. At the same time, it matters what other countries think.
the club of the now rarified G-20 inner circle, there are a large number of other countries demanding a voice and not contenting themselves with being governed by a self-appointed closed shop of G-x countries. In addition, all states (democratic or not) are subject to domestic interest groups and public opinion. And that public opinion might well turn increasingly populist and against global cooperation both in the West which is in relative decline with all the social upheaval accompanying it and in rising powers such as China where nationalist sentiments are rife. Add to this the demands for accountability and transparency and the possibilities of instant global communication and you will end up with turbulent prospects for the traditional approach to multilateralism which has been the domain of the executive, technocrats and experts in closed shops.

The current crisis of legitimacy and identity in Europe, despite what one might describe nascent but established structures of democracy, is a stark reminder that ceding sovereignty to an intergovernmental body alone is not sufficient to solidify popular support for the provision of public goods at regional or even global levels. To the contrary it decouples and estranges the demos from those processes that are vital for defining the meaning of public or bads.

On balance, the record of both the institutions and processes of global governance over the past decade to deal with these three challenges of managing the geopolitical transition, dealing with fast-moving, complex and contested “problems without passport” and ensuring legitimacy can only be described as a failure. On the first problem, there is minimal success to the extent that to date war between major powers has been avoided. And while rising powers are to some degree being drawn into the architecture of global governance this is a painfully slow process yielding few results especially on the second challenge, that of providing global public goods and dealing with cross-border challenges. Little progress has been made on critical issues such as dealing with climate change and nuclear security. Financial regulation is another area of outright failure. On the third front, legitimacy, this is hard to measure reliably but it is safe to say that by and large we have not seen progress in terms of the legitimacy of institutions. In sum, a decade which started with high hopes at the UN Millennium Summit in 2000 ended in an endless series of crisis summits that produced non-binding commitments to try to save the world from the global financial abyss.

Why this failure? In order to begin to understand failure, it is useful to recall the conditions for success of multilateralism taking John Ruggie’s by
now classic discussion of multilateralism as a starting point. Writing shortly after the fall of the Berlin wall, Ruggie reminded us that our understanding of multilateralism needs to go beyond the purely nominal take suggested by Keohane: “what is distinctive about multilateralism is not merely that it coordinates national policies in groups of three or more states, but that it does so on the basis of certain principles ordering the relations among those states” (Ruggie, 1992: 567). Accordingly, the post-1945 multilateral order rested on three core features: nominal sovereign equality, indivisibility (e.g. collective security in security relations and non-discrimination in trade) and diffuse reciprocity (expectation by members to yield rough equivalence of benefits over long period of time not specific quid-pro-quos at all times). The post-1945 world saw an “explosion of multilateral arrangements” with an unusual form at the core, the multi-purpose universal membership organization that is the UN. To a significant degree, this order was underwritten by distinct U. S. leadership. As Ruggie points out, “it was less the fact of American hegemony that accounts for the explosion of multilateral arrangements than it was the fact of American hegemony” (Ruggie, 1992: 568).

From this, three important factors for the success of multilateralism stand out. The establishment and subsequent maintenance of common principles and norms. Second, trust. It is only a modicum of trust that can form the basis of the kind of “diffuse reciprocity” that is indispensable in order to avoid a simple tit-for-tat bargaining situation. Third, leadership.

On all three fronts of critical factors (common principles, trust, leadership) we have seen a decline over the past decade which explains a weakening of global governance and multilateralism.

In terms of common principles, the greatest divergence has been experience on the understanding of sovereignty. Sovereign equality (at least in theory) and non-interference into sovereign states were key features of the post-1945 international order – especially in the area of peace and security. In view of the failures of protecting populations from mass atrocities and genocide in Bosnia and Rwanda in the mid-1990s, there has been a growing trend toward redefining sovereignty from an unquestioned right to a responsibility with obligations and with compliance being second-guessed by outsiders. The hallmark of this trend is the Responsibility to Protect (R2P) which holds that while governments remain the primary bearers of duty vis-à-vis their citizens, the international community has a responsibility to intervene in case governments are unable or unwilling to protect their populations against mass atrocity crimes.
Many critics see R2P as a tool for Western-led interventionism – a pseudo-legal ploy to undermine the hard-fought sovereignty of countries when their policies go against Western interests. Many of these critics are based in rising powers. This is no coincidence given the different historical memories. For countries such as China and India being the victims of Western imperialism is a defining part of their historical memory. For these and other countries, sovereignty is a precious and hard-fought achievement that is not easily to be weakened.

Moreover, for non-democratic rising powers the thought of R2P being used as a pretext for calls for regime change is an additional concern. Mark Leonard (2012) has put the example of R2P and the norm of sovereignty into a larger context of global change: “The big unwritten story of the last few decades is the way that a European-inspired liberal economic and political order has been crafted in the shell of the American security order. It is an order that limits the powers of states and markets and puts the protection of individuals at its core. If the United States was the sheriff of this order, the EU was its constitutional court. And now it is being challenged by the emerging powers”. Whatever one might think of this particular reading of the larger picture, one conclusion should be clear. Principles and norms such as sovereignty are increasingly contested and this makes multilateral cooperation harder. The key to future successful multilateral cooperation will thus lie in the ability of the global system to accommodate and negotiate the changing meaning of key norms among a more diverse set of powers.

A second related difficulty relates to trust. To date the level of trust among established and rising powers that is needed for diffuse reciprocity to work to a sufficient degree if far too little and the “shadow of the future” to short. In the West over a period of several decades the required level of trust was achieved through a deepening of ties among many parts of society, in particular the elites. This was facilitated by a shared set of basic values. High levels of trust do not guarantee a convergence of interests. To the contrary, interests within the West are often not aligned – as we currently see with issues such as climate change or financial governance. Rather a high level of trust and a belief in “diffuse reciprocity” made it easier to invest in institutions that were charged to mediate those diverging interests. In the absence of the necessary trust between established and rising powers and in some cases the weakening of trust within the West itself, the dismal record of multilateral cooperation over the past decade is not particularly surprising.
A third important factor contributing to failure is the absence of leadership. As Ruggie points out, the post-1945 global order rested to a great deal on American leadership. Whatever you might argue with America’s behavior in specific cases and its tendency to demand special treatment (“exemptionalism”), the US invested a great deal into making the institutional order viable after the Second World war. The US acted with a lot of foresight and helped to design and underwrite an institutional order that proved to be enduring and outlasted the collapse of the Soviet Union and bipolarity. Unfortunately, the US proved much less foresightful when being seduced by the appearance of a ‘unipolar moment’. Jean Paul Sartre captured the moment best when he likened the Berlin Wall to a mirror which distracted the West from its own failings and weaknesses (Reinicke, 2012). This allowed it to be blinded by the “end of history”. Instead of using this moment of superior power to invest in the rebuilding of international institutions in order to make them robust, resilient and adaptable not only for a global age that had already begun before the Soviet Union collapsed, indeed contributed to its demise, but also for a time in which US and Western power more broadly would be contested by others. Not surprisingly then, there has been precious little leadership during the past decade emanating from the US in the area of multilateralism and international institutions – if you discount the important push for a nuclear-free world that President Obama started but which has yet to bear concrete fruit in the context of informal let alone formal institutional arrangements.

Instead of investing in global governance, the US chose to put its emphasis on fighting two very expensive wars and defending itself against terrorist attacks. As the New York Times observed shortly before the 10th anniversary of the September 11 attacks: “America’s bill for fighting a 21st-century “asymmetric war” comes to at least $3.3 trillion. Put another way, for every dollar Al Quaeda spent to pull off the Sept. 11 attacks, the cost to the United States was an astonishing $6.6 million” (Sanger, 2012).

Though often touted as such, decision to transform the G-7/8 into a G-20 was not a case of US leadership. To the contrary, history did not end and the US had little choice but to enlarge the G-7/8 during the financial crisis which, this time around, originated at the heart of the Western financial system challenging many firmly held assumptions that lie at the heart of the Western liberal order. As late as 2012, the US insisted on sticking to old privileges by choosing another American citizen as head of the World Bank, instead of leading the way and taking a calculated risk by endorsing one of the suggested...
alternatives and inviting diffused reciprocity. Even now that the US is extricating itself from the wars in Afghanistan and Iraq and turns to new strategic horizons, the ‘Asia pivot’ sounds more like old fashioned balance of power politics rather than a concerted investment into international institutions.

To no surprise, the record of leadership does not look better for Europe. The EU started the first decade of the 21st century with grand ambitions in terms of global governance and ended up as an inward-looking regional entity riven by crisis. As much as a ‘Global Europe’ is the only answer to the present Euro-malaise, as much European elites are unable to spell out a ‘Global Europe’ project and get their populations behind it. To outsiders, Europe even rhetorically comes across as a much diminished player. In terms of concrete actions, the record is dismal. And even though Europe still invests a great deal of money into international institutions, it is hardly able to shape them for the better in a critical period of geopolitical transition. This is particularly true when it comes to symbolic acts in terms of the shape and membership of institutions and privileges of particular members. Europe cannot agree on the project of a common EU seat on the Security Council – rather you have Germany fighting for its own seat on the Council (while being opposed by the likes of Italy and Spain in this futile bid). There is not a single example of Europe giving up outdated privileges to make space for a greater role and say of emerging powers at the global table again giving newcomers the option to reciprocate and building a foundation for trust. In 2011, along the same lines, the EU insisted on having a European as the head of the IMF – despite a previously made promise that Europe was willing to give up on this privilege. The reasoning given by the EU (that in the middle of the Euro crisis one needs a European at the helm of the IMF) once again confirmed that trust was and is short in supply.

Powers in relative decline such as the US and Europe are increasingly self-absorbed and reduce their contributions to global governance. Rising powers are not ready to fill the leadership gap. Most rising powers have not yet produced full-fledged visions on how they are going to use their power to provide global public goods and shape global governance while some of them may not be able to garner sufficient support abroad if they fail to open up at home. To some the fact that many rising powers claim large power rights while continuing a ‘Global South’ solidarity and developing country rhetoric is rightfully irritating. Oxford academic Andrew Hurrell explains this duality by “the tension between an aspiration to international influence and a continued sense of
vulnerability, and to the difficulty of having to defend oneself against an increasingly intrusive world that challenges older established national ways of acting and thinking”. No doubt the lack of leadership is certainly also due in part to a lack of capacity. Neither the size of the Indian Foreign Service nor the Brazilian think tank community are at present certainly a match for the global ambitions and role of either country.

How to Approach Innovation in Global Governance

So the case for innovation in global governance is not only clear in the face of the failures of the past decade but urgent before another financial crisis erupts or environmental crises put the globe beyond a point of no return. But how to think about the sources and shape of innovation? It is clear that we need to go beyond the dominant approach in the Western debate of those who see themselves as ‘liberal internationalists’ committed to an open and successful global order. Scholars such as John Ikenberry expect rising powers to be ‘socialized’ into ‘responsible stakeholders’ of the global liberal order, to use the somewhat patronizing term by former World Bank president Robert Zoellick. The result would be a ‘Greater West’ as the Western-built liberal world order gets extended to fully include rising powers. It is high time to question this narrative about the automatic, adaptive expansion of global governance and the Western-built global order. It is far from clear whether newly powerful countries such as Brazil, India and China will gladly take their pre-assigned seats as ‘responsible stakeholders’ in a Western-built global order not the least in the wake of the deep seated vulnerabilities exposed and perpetuated by the financial crisis. There is a clear danger that the ‘Greater West’ is more a pipe-dream of Western policy-makers and scholars than an accurate description of the key trends in the evolution of global governance. More precious time to act will be lost. We need to think about innovation because successful global governance cannot just be an extension of present arrangements.

As Mark Moore and Jean Hartley (2008: 2) have pointed out, innovation in governance is different to standard business innovation; it is not about products or processes in single organizations, but involves “networks of organizations, or the transformation of complex social production systems”.

What would be the sources for this kind of transformation? It is possible to distinguish between large-scale and small-scale modes of innovation in global governance. Due to the stickiness of institutions and the interests associated,
large-scale innovation in global governance seem to occur only after major crises. The conditions seem rare. Even the recent global economic and financial crisis with all its effects on the economies around the globe has unfortunately not led to a fundamental re-thinking of the way we regulate financial markets globally. It seems that after major wars there might be the rare moment where fundamental large-scale innovation seems possible – e.g. the founding of the UN system after the World War II. Betting on major world war as the catalyst for innovation is certainly not viable strategy going forward. What could be done by civil society actors and governments, would be to exploit the ‘cracks’ in the system that open up in case of crises more effectively – in the case of the global financial and economic crisis, it was also the failure of effective transnational advocacy and pressure that made it easy for key governments to continue with business as usual.

Small scale experiments have been at the forefront of innovation in global governance over the past decade and a half. This includes public-private partnerships and global public policy networks, new forms of governance bringing together governments, international organizations, non-profits and the private sector. Some of these initiatives are being driven by courageous cross-sectorally minded political and social entrepreneurs. Achim Steiner, the Secretary General of the World Commission on Dams, one of the more prominent of the early innovations in global governance, is a case in point.

Public-private partnerships and networks seek to combine the complementary resources different actors bring to the table such as expertise/knowledge, reach and credibility. Analysts have tended to either celebrate or dismiss these new forms of small-scale innovation in governance. What is lacking until now is a rigorous evaluation to ascertain which new forms hold promise and can be scaled up eventually opening the possibility for a more formal institutionalization of the innovations based on a set of norms and principles that reflect not only the importance of trust and leadership but the inclusive nature that the provision of global public goods would have to reflect to be mainstreamed.

So we need to establish the conditions for small-scale innovation to be analyzed and scaled up if promising. But it is certainly not enough to just hope they will save us from the financial, environmental abyss – as some enthusiasts have for example suggested for the field of the following the failure of the Rio

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4 See Thomas Hale and David Held (2012) and the earlier work on this topic by the Global Public Policy Project and Institute (www.gppi.net).
2012 summit. Supporting this could be an overall investment in the learning capacity and building up a solid evidence base on the effects of different institutions of governance. This evidence base should be built up by researchers and practitioners from a diversity of background geographically and otherwise. It could serve as a catalyst for joint learning and collective innovation.

This needs to be accompanied by innovation in the way we conceive of the genesis and development of global norms that are at the heart of global governance arrangements. The old model of norms being conceived in the West and then rolled out through a process of linear, unidirectional ‘diffusion’ is no longer sufficient. A diversity of voices is now demanding to co-shape norms and the institutions upon which they are based and Western powers in particular need to be open to this new reality.

Without sustained investments in the conditions for innovation, we will end up with ‘No One’s World’ or a ‘G-Zero’ world without any leadership for the provision of global public goods. If this downward trend is to be countered, declining and rising powers alike need to invest in global governance in order to create a minimum set of joint norms, build trust and demonstrate joint leadership. Established and rising powers should see themselves as ‘joint stakeholders’ of the global order which would be a welcome departure from the situation where one party defines what becoming a ‘responsible stakeholder’ means.

There is a need to invest in transnational ties to build trust between the major players. As then Presidential candidate Barack Obama argued in 2008 in Berlin, “Now is the time to build new bridges across the globe as strong as the one that bound us across the Atlantic”. It is about time to put more resources behind this call. This includes more track II exchanges involving civil society (namely academia, think tanks and advocacy organizations) as well as business from both established and rising powers to come to a joint understanding on the need to invest in global governance and innovative ways for doing so. These exchanges would increase the ability of all parties to develop interface skills and to see the world with the eyes of ‘the other side’ – not just one’s own historical narratives and preconceptions that are often taken for granted. This would hopefully also result in pressures for greater leadership on the part of all critical players. The lack of leadership is often the result of a lack of domestic pressures for promoting and rewarding forward-looking policies on

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5 See for example Mishra (2012).
global governance. It is time for social and political entrepreneurs, advocates, think tank analysts, academics and concerned citizens to try to make their own contributions toward reversing this trend – based on a sober analysis of the failures of global governance and the need for innovation. Then perhaps can the notion of ‘purpose beyond power’ start to inform efforts to improve global governance.

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