

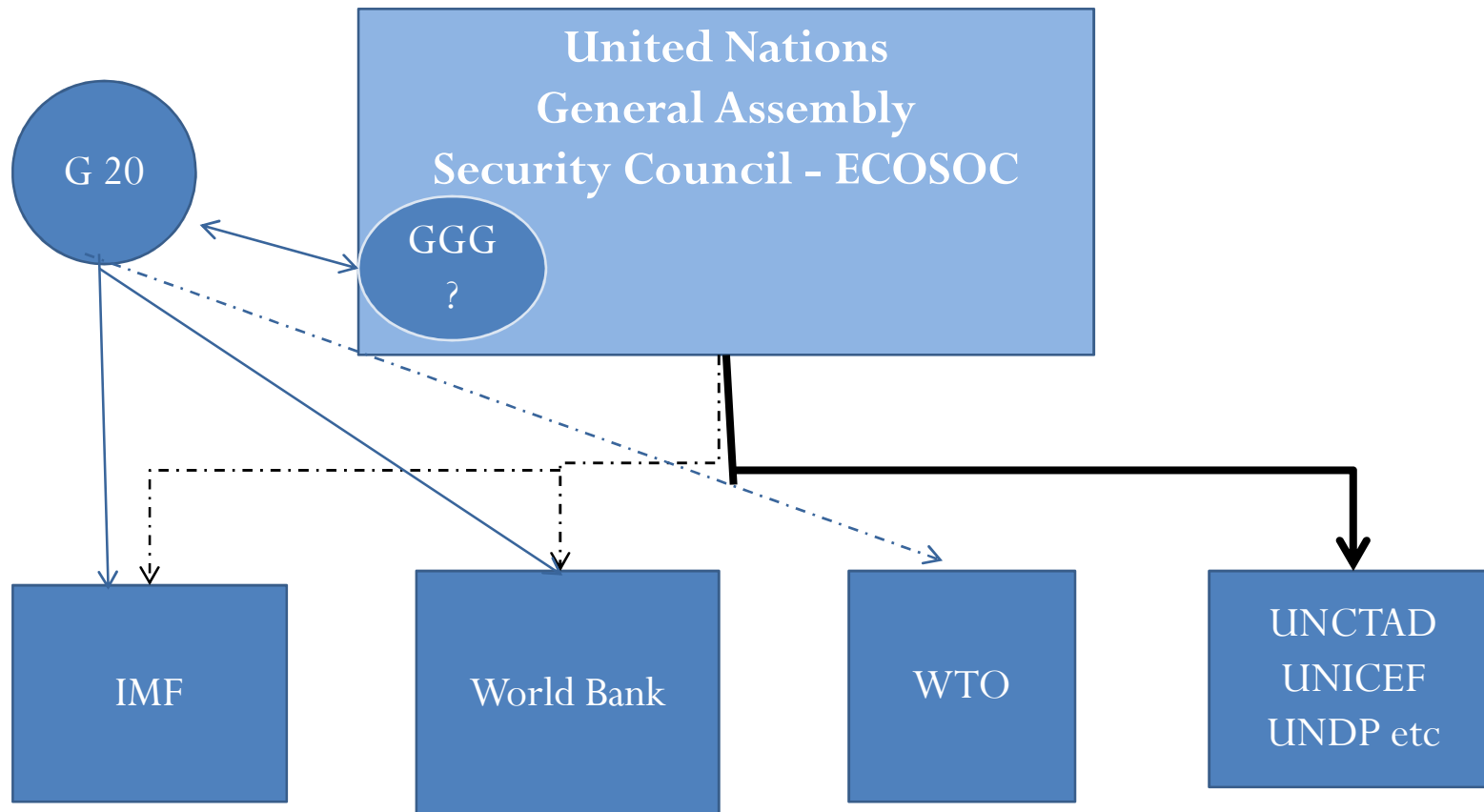
More Coherence, but How?
The Institutional Predicament of Coherence

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The Coherence Problem

- The global crises of 2008-2010 forced recognition that global survival depends on more effective international cooperation.
- Decisions are made by states and national legislation is required to turn international agreements into laws that bind non-state actors, which national courts will enforce.
- A largely ineffective and politically weak multilateral system could not cope with the crisis.
- G20 was created to solve the coherence problem.

The present global system:



Actual decision making

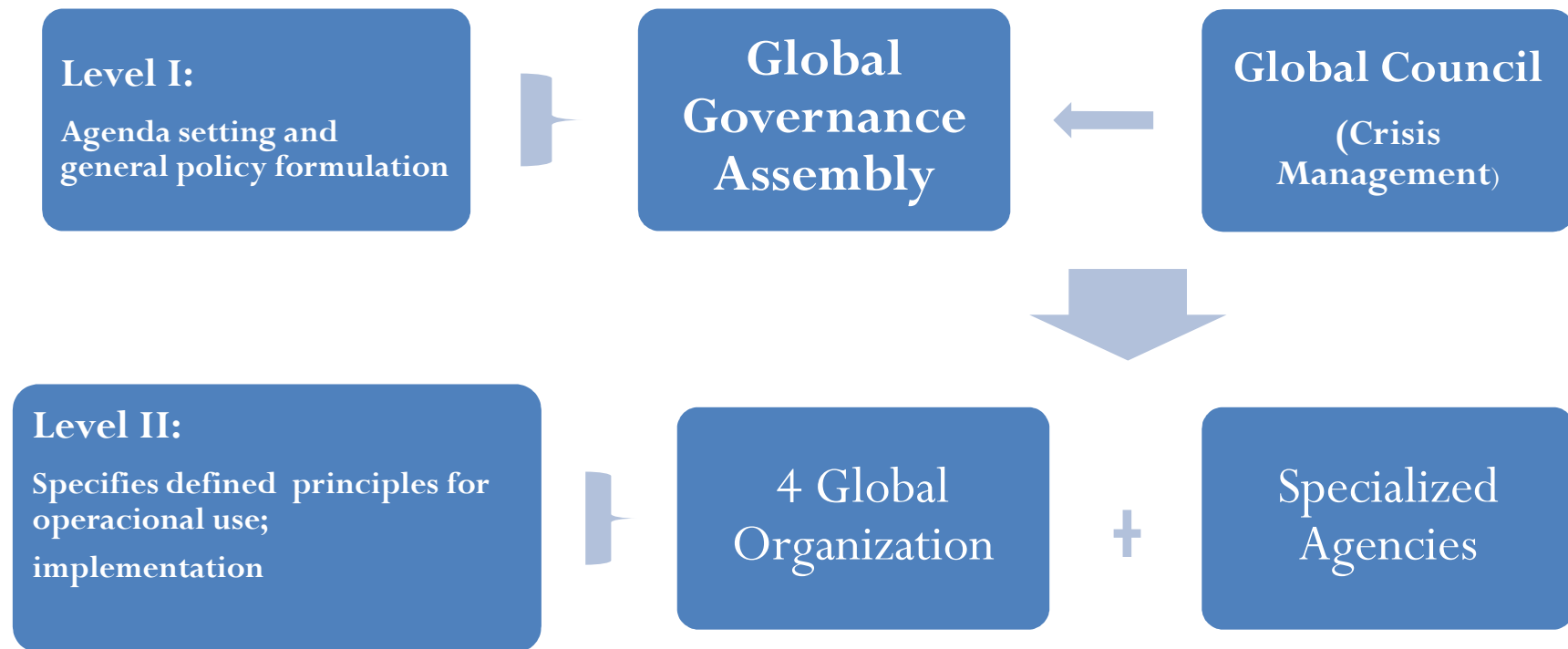
Before crisis After crisis

UN	Permanent 5 members (incl. Russia and China)	Permanent 5 members (incl. Russia and China)
WTO	US – EU - Japan	G20 members
IMF	G7 Fin. Ministers	G20 Fin. Ministers
World Bank	DAC Dev. Ministers	G20 Dev. Ministers
Fin. Stability Board/FSF	G10 Fin. Ministers, Central Bank governors, fin. regulators	G20 Fin. Ministers, Central Bank governors, fin. regulators
Tax Cooperation	OECD	OECD plus

Coherence & effectiveness in global economic governance

- We need a new system for coherent and effective global policy.
- This new system should be developed that earns the confidence of the people in rich and poor countries, of labor and capital, of public and private sectors.
- The following scenario envisages a world of “global governance” but not of global government.

A new multilateralism scenario: broad structure*



* For more detail, see Friedrich Ebert Stiftung, *The Geneva Scenarios on Global Economic Governance*, 2020, Geneva, 2009.

Proposal for a new System:

Two-level structure

- New specialized international institutions would address technical policy issues, such as in rules for international trade or cooperation for international financial stability.
- A new Global Governance Assembly should determine the overall principles that guide these aforementioned institutions, and the priorities in terms of resolving conflicts among them.

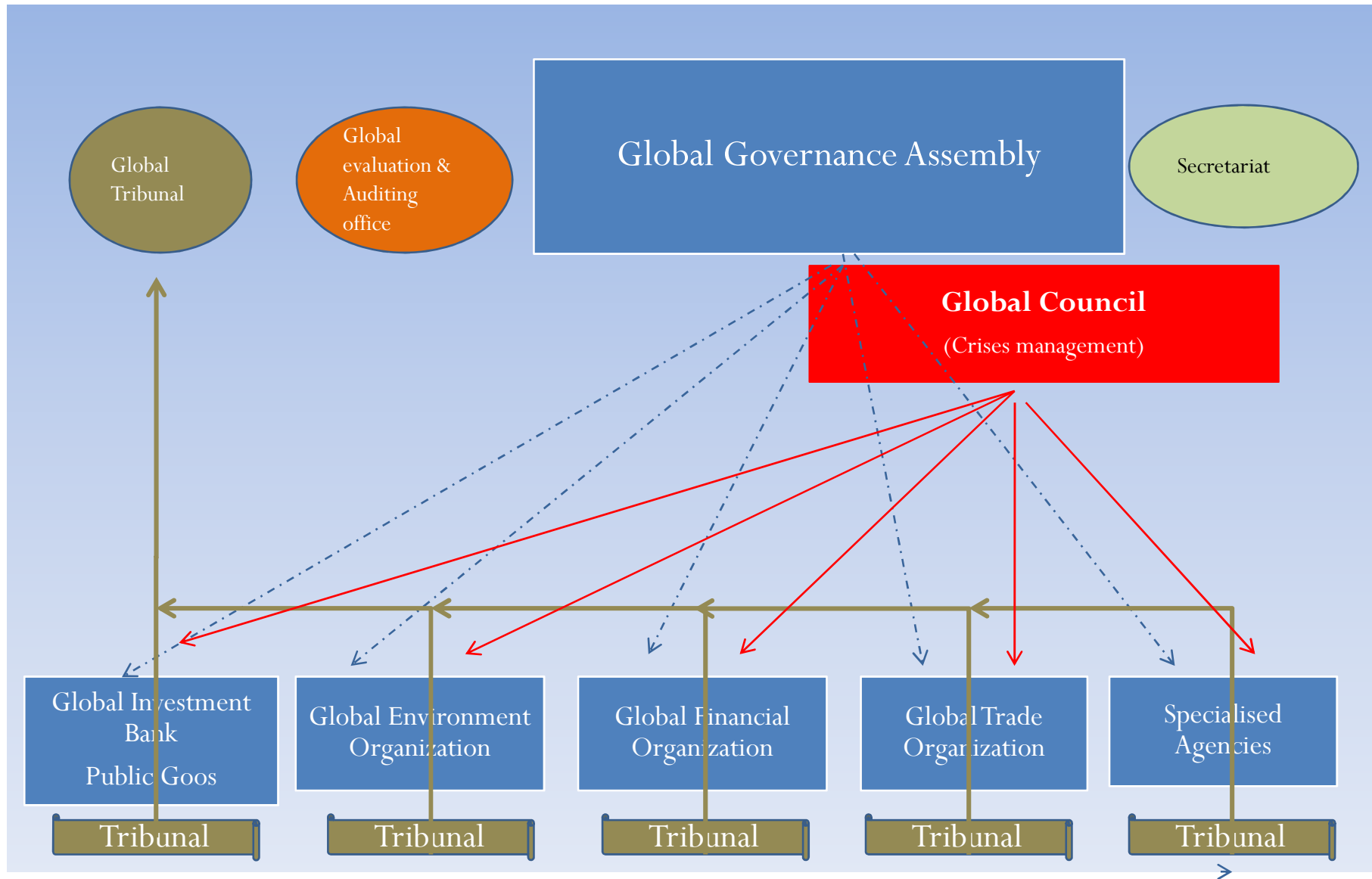
Decision-making procedures: dual voting systems

- Decisions should generally be taken by a dual voting system demanding for a specified majority of the number of states voting and a specified majority of weighted votes by economic significance.
- This voting system makes small states count and the importance of big states is adequately reflected as they have to pay more of the bill.

A new Global Governance Assembly

- The new Global Governance Assembly (GGA) would be at the heart of the agreements reached on principles and aspirations in the new system (e.g. human rights and sustainable development), which would have a stronger status than most decisions taken under the UN General Assembly, which were too often limited to diplomatic but ineffective targets.
- The GGA would set the agenda and formulates the general policy of the multilateral system.
- The principles adopted by the GGA would have to be recognized in all international organizations.
- While specialized institutions (of level II) would be self governing, they would be responsible for respecting the GGA principles.

Scenario in more detail



The Global Council: effective coherence & emergency response (security and economic crises)

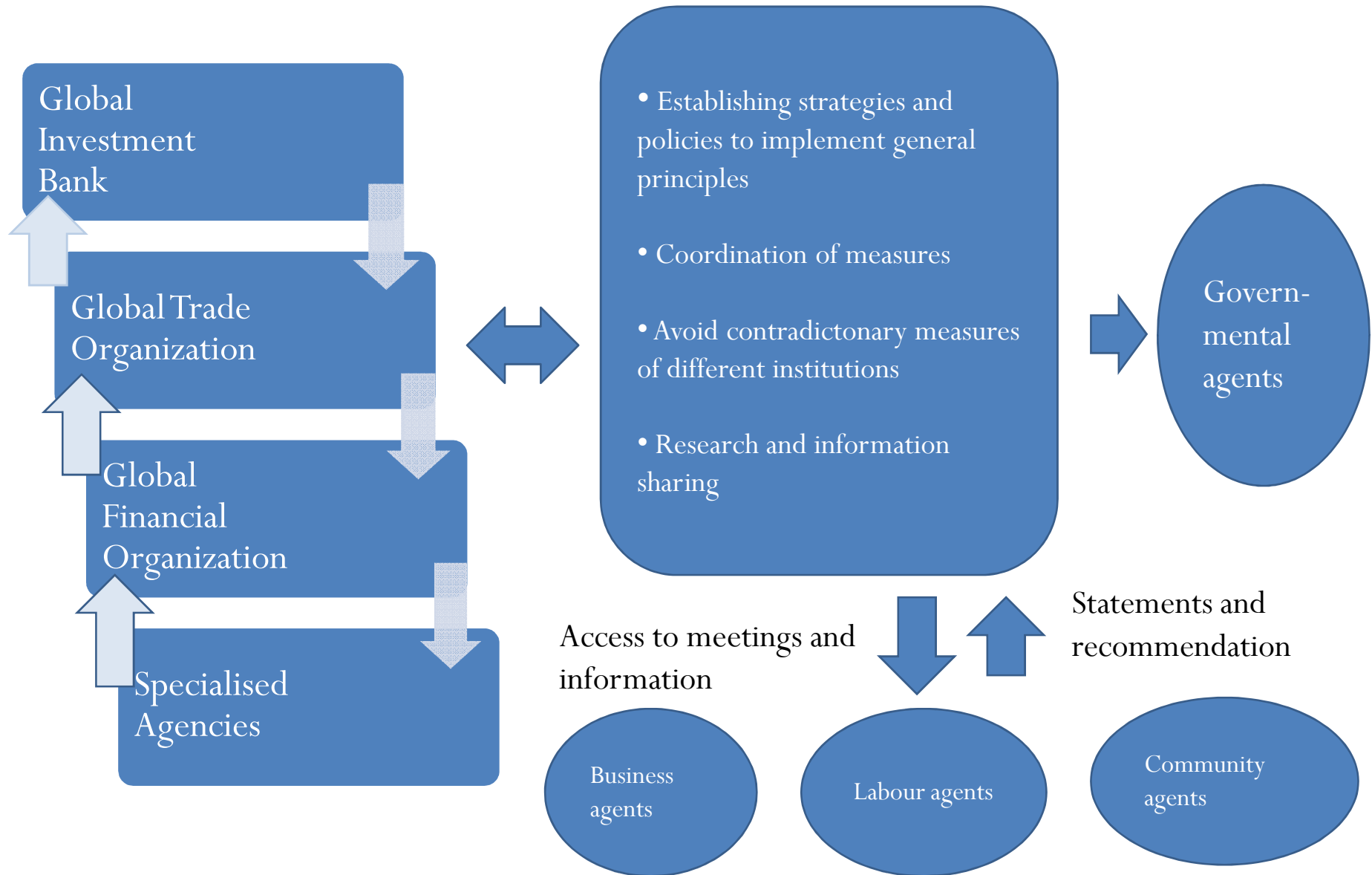
- The new system should have a 15-member Global Council as an affiliated body of the GGA. It would include large state members that are elected for 10-year terms and another group elected for two-year terms, with appropriate geographical distribution.
- The Council would address inconsistencies among specialized institutions and deal with complex economic and political emergencies, including social and environmental emergencies. It would be subject to review by the GGA.
- No member would have a veto. To intervene militarily in a country, a larger majority is needed than for mobilizing an environmental rescue.
- Minorities after vote should be given the right to appeal Global Council decisions to the GGA, which is empowered to overturn them.

Specialised Agencies

Specialized Agencies should be established to link national technical capacities into an international system and provide countries with technical assistance, capacity training and policy advice.

1. First, national concerned ministers should meet on a regular basis during the board sessions of these organizations.
2. Dispute settlement mechanisms should be established within each organization.
3. Representatives from civil society and the private sector should have access to meetings and information during decision-making processes.
4. Due to their clear policy mandates, global organizations could act more swiftly and in a more comprehensive way.

Linkages for coherence



Civil Society and the Private Sector

- While decisions can only be taken by states in the Global Governance Assembly and the Global Council (level I), and also in the Global Organizations and Specialized Agencies (level II), it is essential to bring all relevant stakeholders into discussion with each other on policy matters before, during and after their adoption.
- Therefore, representatives from civil society and the private sector should have access to meetings and information during decision-making processes.

Conclusion:

All that remains is to do it....

Thank you