

# WORLD RULE

## ACCOUNTABILITY, LEGITIMACY AND THE DESIGN OF GLOBAL GOVERNANCE

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As they create and promulgate rules on a worldwide scale, global governance organizations (GGOs) must simultaneously satisfy key stakeholders to acquire and maintain governing authority while meeting expectations of normative legitimacy (e.g., equality, neutrality). In structure and process, GGOs are designed to accommodate these sometimes opposing imperatives, but the result is a set of organizations that is perpetually accountability-challenged. In *World Rule: The Politics of Global Governance*, this dynamic is revealed through a novel empirical study of twenty-five GGOs. Combining quantitative analysis of a new dataset that captures the structure and processes of this diverse set of organizations with extensive interviewing of individual engaged in the business of global governance, Koppell examines four aspects of GGO organization in depth: representational and administrative structure, rulemaking process, adherence (enforcement) and interest group participation. In each area, latent class analysis is used to describe "types" that capture alternative approaches to the accountability challenge of global governance.

The concluding section synthesizes the findings by highlighting distinctive aspects of global governance, including simultaneous competition and coordination among GGOs and the persistent challenge of GGO accountability. Three overarching models of global governance – *Classical*, *Cartel*, and *Symbiotic* -- are identified based on patterns in the distribution of organizational characteristics across areas of empirical analysis.

### Book Summary

Open the newspaper and the evidence is abundant that the problems confronted by humanity are global in scope. The causes and effects of climate change are distributed worldwide. Financial meltdowns spread around the world with the contagion of the most aggressive viruses. Political unrest spills easily across borders shaking seemingly stable institutions. Fluctuations in commodity prices cause unforeseen ripples in the markets for essential foods in seemingly remote corners of the world. Global interconnectedness is the unavoidable reality of the twenty-first century.

And so attention turns to the institutions created to address global issues. The United Nations is the world's forum, but a collection of institutions addressing relatively narrow policy arenas are the global rule-makers. Entities like the World Intellectual Property Organization, the International Accounting Standards Board, and the International Organization for Standardization are generating and promulgating rules that allow more integration each day. These organizations – for better or worse – are the instruments through we will respond to the challenges of the coming decades.

This reality underscores the importance of addressing the failing most commonly attributed to global governance organizations: lack of accountability. This shortcoming raises many fundamental questions: What is it about GGOs that leave them chronically exposed to this critique? Do global governance organizations face fundamentally different expectations than domestic governance entities? Is there a distinctive form and approach to governance that is observable across GGOs? What are the drivers of patterns in GGO design and behavior? Who has influence in determining the rules and other policies they generate?

This book offers answers to these questions by looking at a diverse set of twenty-five global governance organizations and seeking to uncover systematic distribution of commonalities and differences in their design and administration: the bureaucratic forms they assume, the rulemaking procedures they adopt, and the enforcement regimes they create. This administrative/organizational perspective is underrepresented in the contemporary discussion of global governance. Typically the actual organizations are treated as secondary concerns, by-products of the dance among powerful nations and interests. This book does not challenge the importance of these actors, the uneven distribution of power is reflected in the design of international institutions, but the structures and processes adopted by GGOs also represent evolved responses to an environment that at once requires satisfaction of democratic norms and assurance that key players can participate unharmed in a global regime. This is a realistic account, emphasizing the accommodations necessary for global governance organizations to function meaningfully, and is a practical guide, a handbook for understanding the strengths and weaknesses of GGOs, an appraisal of what they can and cannot do.

The heterogeneous population of global governance organizations resists systematic analysis. These organizations toil in disparate arenas – from setting the rules of international patent protection to offering aspirational standards for the management of forests to establishing protocols for the safe operation of nuclear power plants. Some are made up of member-states while others are entirely non-governmental. Some craft formal international treaties while other issue standards with only market forces to compel adherence. It is argued that the shared purpose of all GGOs -- crafting rules intended to order the behavior of people and organizations on a global scale – creates a common dynamic that guides their design.

### *Theoretical Foundation*

This book has two theoretical underpinnings. First, the contradictory aspects of accountability are identified. Building on previous work, five notions of accountability are introduced: transparency, liability, controllability, responsibility and responsiveness. The last two are most important here for it is betwixt these two conceptions that the dilemma for GGOs resides. Responsibility emphasizes the importance of adherence with norms and rules (formal and informal) that limit organizational discretion and ensure core values (e.g., equality, impartiality). Responsiveness emphasizes the organizational obligation to serve the interests of constituents, to meet the demands presented to the organization in an efficacious manner. But what is an organization to do when responsiveness-type accountability requires a violation of responsibility-type accountability? This problem is likely to arise for GGOs, in particular, for they cannot regard the concerns of all constituents as equally important.

The logic of global governance requires that GGOs emphasize the interests of more powerful parties because they have no coercive tools to make obedience in the self-interest of participants. More powerful members must be placated; if they opt out, the whole organization is likely to unravel. And yet this requirement can trump the procedural guarantees embodied in responsibility-type accountability. All this is more fundamental than accountability. It speaks to the very legitimacy of the organization. How can a global governance organization that lacks accountability be considered legitimate? The same tension internal to the notion of accountability exists within legitimacy. The organization may be legitimate in normative terms but suffer in a pragmatic sense. It is argued that the clearest way of expressing this tension is to juxtapose normative legitimacy with authority itself, a novel rhetorical formulation utilized throughout the book (but one that is not fundamental to the core claim).

### *Empirical observations*

They empirical chapters paint a picture of global governance based on a quantitative and qualitative analysis of twenty-five global governance organizations. In each, key dimensions of variation are identified with the possible permutations described. Using cluster analysis, patterns are then identified which define organizational “types” that seem to link characteristics. Finally, an explanation for the patterns is sought by looking to five core characteristics identified at the outset: sector, rule type, funding, membership and

technicality. The following summarization of each chapter gives a sense of the analysis but is not comprehensive.

Structure – Two general types -- *Traditional* and *Hybrid* – emerge in the analysis of GGO structure. The *Traditional GGO* typically features a representative body organized on a one member/one vote basis, features that jibe with normative expectations. Policy-making and oversight responsibility, however, is vested in smaller intermediate bodies that guarantee membership to key parties. This is a perfect example of a design balancing the demands of legitimacy and authority. The intermediate bodies oversee a centralized, traditional bureaucracy which contrasts dramatically with the *Hybrid GGO* model. The bureaucracies of *Hybrid GGOs* are smaller in scale and provide support to the members who carry out most rulemaking activity through working groups or technical committees. The *Hybrid GGOs* do have representative bodies, but authority is vested principally in the rulemaking groups, making the organization-level entities less important than they are in *Traditional GGOs*.

Governmental GGOs adopt the *Traditional* approach reflecting the pressure to meet normative expectations for a public sector rule-maker. More technical subject areas are associated with *Hybrid GGOs*, a pattern that reflects the preference of members in these areas to engage in the rulemaking. It also suggests the latitude granted GGOs in more technical areas to deviate from the expectations one might associate with more “political” policy areas.

Rulemaking – The two approaches to rulemaking – *Forum* and *Club* -- are closely linked with GGO structure. Many *Traditional GGOs* utilize a *Forum Type* rulemaking model that is typified by a formal approach familiar to students of American bureaucracy. *Hybrid GGOs*, in contrast, are associated with what is dubbed a *Club Type* rulemaking that provides a great deal of access to members and interested parties (more often than not commercial interests rather than civil society) through a very collaborative process. Often the voting and formal rights of participation are more restricted under the *Club Type* even though the approaches are generally less formal.

One striking observation from this chapter concerns consensus decision-making. While typically praised as a normatively desirable democratic feature, consensus offers an important safety valve that allows powerful members to stop unacceptable rules (and persuade less powerful to withdraw opposition). And, more specifically, consensus is sufficiently vague as a concept that it allows for inequality in the assignment of “voting power.” That is to say, consensus may be possible when some parties object but not when other (more important) members do the same.

Adherence – The means by which a regulator induces compliance are typically dubbed “enforcement” tools, a word that implies the application of coercive mechanisms. GGOs almost universally lack such tools, thus “adherence” is more appropriate. Two models of GGO adherence are identified – *Conventional* and *Composite* – but a key observation of this chapter is that GGOs are not as clearly differentiated on adherence as one would expect. Many of the *Traditional GGOs’* rules are linked with *Composite Type* adherence, an approach that uses market mechanisms to “punish” those nations or firms that do not adopt rules. On the other hand, many *Hybrid GGOs* are associated with *Conventional Type* adherence arrangements; their rules are adopted by governments and backed by their agents’ classic enforcement tools.

GGOs’ lack of control over adherence agents is an important facet of global governance. By granting tremendous latitude to adherence agents – particularly when those agents are organization members (i.e., member states) – the GGO makes it easier for those nations to accept a rulemaking process that can generate meaningful standards. A more binding adherence regime leads members to demand more protection in the rulemaking domain. Essentially a choice is made. One can have a strong adherence regime, but this will result in a rule-making process almost certain to generate weak rules, or one can make adherence extremely flexible (i.e., optional) but preserve an approach to rulemaking with the potential to create standards above the lowest common denominator.

Interest group participation – The role of interest groups in GGO ecosystem emerged as a prominent issue in the course of research, reflecting the imperatives driving the design and administration of global governance organizations. Two general visions of interest group participation in governance predominate in political science. *Pluralism* envisions a contest amongst a multitude of constituencies organizing and competing for the favor of government. *Corporatism* embodies a more formalized relationship between interests – channeled through hierarchical peak associations – and the state. Global governance generally does not look like either. There is no coordinated activity like that observed in classic corporatism but there is not the free-for-all competition idealized in the pluralist vision. Rather one sees a pattern of *global concertation*, which blends aspects of the two. Interests are *tightly* integrated into the policy-making process -- particularly among *Hybrid GGOs* or *Club Type* rule-makers – but participation is most common at the *firm* level and not mediated by interest groups. This reflects the importance of maintaining responsiveness-type accountability. These interested parties will ultimately determine whether rules are adopted and enforced thus their “buy-in” is vital. Organizations tend to move closer to the pluralist model when civil society groups are more active, generally in less technical issue areas, suggesting more pressure for responsibility-type accountability (and the requirements of normative legitimacy) under these circumstances.

### *Conclusions*

Two of the dominant stories ostensibly capturing the contemporary era in governance – competition and networking – are both relevant to global governance. The complex web of relationships amongst GGOs and the constellation of interests around them do not present the neat picture suggested by the oft-used word “network.” GGOs are often actively competing with other global governance organizations. Surprisingly, GGOs in competition are often simultaneously cooperating. This approach is strategically understandable (for reasons elaborated in chapter 8) but it offers opportunities to other players. Members of multiple GGOs play them against each another while interest groups affected by global rules will use the competition amongst GGOs to promote preferred outcomes. This can create additional pressure on GGOs to emphasize responsiveness rather than responsibility-type accountability.

The empirical analysis illustrates the ways in which GGOs are designed to satisfy both sets of considerations. In the final chapter, the analysis of GGO types in each area is taken a step further to sketch three overarching models of global governance: *Classical GGOs*, *Cartel GGOs* and *Symbiotic GGOs*. The *Classical GGOs* are the well-known intergovernmental bodies that most resemble domestic rulemaking bureaucracies (e.g., WHO, ILO, IMO). A small set of governmental GGOs have more coercive tools. These *Cartel GGOs* (including the WTO and other financial regulators) are far less accessible than *Classical GGOs*, with restrictive membership that leaves many affected parties excluded from the rulemaking process. *Symbiotic GGOs* represent a very different approach to global governance. These organizations often are not structured around states at all and put rule-making power directly in the hands of interested parties – through the rulemaking process or market-based adherence regimes.

As suggested, sector is the dominant predictor of GGO model. Governmental GGOs are typically of the *Classical* or *Cartel* type but it is argued that this may represent a mismatch. The intergovernmental membership of *Classical GGOs* leads to an emphasis on responsibility-type accountability as the normative demands are more pressing for such entities. The *Symbiotic GGOs*, on the other hand, are freer to emphasize responsiveness, an arrangement that keeps key parties satisfied and seated at the table. But the *Symbiotic GGOs* are no less “public” in effect than the *Classical GGOs*. Thus the more stringent responsibility-type accountability demands pressed upon *Classical GGOs* reflects an unwarranted assumption that intergovernmental GGOs are more public and constrictive. This is critical, for it creates a strong incentive for parties interested in robust global rules to adopt a *Symbiotic GGO* model, an approach that frees the organization to lean toward responsiveness-type accountability. For those interested in heightened standards of responsibility-type accountability (i.e., legitimacy), this is a disappointingly ironic outcome of efforts to press intergovernmental GGOs to meet normative democratic expectations.