A Scenario for Running the World

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Please note: this paper is written as a future history looking back from the year 2020. Comments welcome.

Introduction

In 2001, the world faced a seemingly insurmountable gulf between the needs for collective action on a global scale and the woefully underdeveloped mechanisms for meeting those needs. Poverty afflicted half of humanity. New and resurgent diseases threatened millions. Environmental degradation on a massive scale endangered everyone. And sharply contending views about what should be done about it all increasingly led to violence. Political leaders gathered for frequent gabfests but seemed unable or unwilling to commit themselves to serious action on any subject other than promoting ever-deeper economic integration. The systems for making and enforcing global rules were generally feeble, and where strong they were widely seen as unfair.

Now in 2020, the widespread riots and sense of despair of this century's first few years are a rapidly fading memory. Although serious problems persist, an extraordinary range of mechanisms have developed that offer real hope that humanity may at last have found ways to live together in peace and growing prosperity on a planet no longer divided by sharply demarcated borders. This paper describes those mechanisms and how they came about.

The global problematique

To see how far we have come in just two decades, we need to start by reviewing where global governance stood at the opening of the century. If one merely looked at numbers of efforts, global governance seemed to be thriving. In thousands of bilateral and multilateral treaties and statements, governments offered repeated declarations of their determination to do something. A vast array of international organizations had been created, holding regular meetings and generating an extraordinary quantity of documents. But a closer look at all the steps needed to make global collective action work made clear that, with a few notable exceptions, all the sound and fury was not accomplishing much.

Simply picking which problems would get priority on the global agenda was no easy matter. Most global problems failed to inspire a sense of crisis that would mobilize the kinds of ingenuity and commitment of resources the world had seen after World War II. No system existed to force a ranking of issues or an allocation of resources. Citizens could lobby their governments to put issues on the international agenda, but many governments lacked the capacity

– and sometimes the desire – to serve as effective representatives of their citizens' interests in the wide range of transnational issues. Priorities reflected a hodgepodge of the interests of the most powerful states (or their most powerful constituents), the effects of a handful of various civil society campaigns, and the whims of the media spotlight.

Negotiating fora were dominated by a handful of rich and powerful countries (often reflecting the preferences of rich and powerful corporations). Their say in running the world was wildly disproportionate to their share of the world's population. And the richest and most powerful of all, the United States, was increasingly refusing even to make a good-faith effort to participate in global negotiations.

When governments did manage to reach agreements, implementation often fell far short. Some crucial environmental treaties, such as the Convention on Biological Diversity, had essentially no effect on the problem they were meant to address. Often governments signed on to agreements they had little capacity to implement.

Even in those areas where treaties had teeth and international organizations were playing a serious substantive role, "success" sometimes seemed to engender as many problems as it solved. This was particularly notably in the international arrangements governing trade. Having created a trade regime that largely served their own economic interests, the world's rich countries seemed perplexed by the vehement objections to that regime that emerged both from other governments and from an increasingly vociferous network of civil society organization. Developing countries argued that the rich countries were failing to live up to promises made years ago, and civil society groups raised complaints that the rules and procedures favored private over public interests. Countries flocked to join the WTO not necessarily because they believed the new trade regime served their interests but because the alternative was to remain excluded from the only trade system available.

The need for major reform of the systems of global governance was clear, and proposals abounded. At one extreme were calls for humanity to repeat its experience with government at the national level, with codified agreements serving as laws and with coercive mechanisms in place to ensure compliance with those laws. Demands that environmental and labor standards be included in trade agreements, to take advantage of the WTO dispute resolution procedure, were of this ilk. Such suggestions foundered over questions of how to make such processes both effective and broadly legitimate. At the other extreme were occasional calls for the reversal of globalization, with a retreat to national borders. But despite the frequent mislabeling of the public backlash as "anti-globalization," in fact relatively few people were demanding a retreat to impermeable national borders. Most critics objected to specific rules and institutional behaviors, not to the whole idea of integration.

The emergence of innovation in global governance

Despite the apparent impasse over how to improve global governance, there were glimmerings of better ideas for running the world. Experiments with using transparency and public pressure to change government and corporate behavior were beginning to bear fruit, providing a new and flexible instrument of governance that did not rely on the coercive power of governments. Growing public scrutiny of inter-governmental organizations was making it increasingly difficult for rich-country governments to treat these organizations as mere instruments for achieving purely national ends, as they had long been wont to do. Corporations were increasingly adopting an ethos of corporate social responsibility that had the potential to reduce the need for direct governmental supervision by eliminating numerous negative externalities. Proliferating civil society networks gave voice to people from all parts of the world who shared grievances about the rules governing global economic integration.

Transparency: By the year 2001, "transparency" ran second only to "globalization" as prominent buzzword, touted as the solution to everything from financial volatility to environmental degradation to corruption. It seemed as though everyone was calling for everyone else to be transparent. Civil society groups demanded transparency from inter-governmental organizations, corporations, and governments, which in turn began demanding it of civil society groups. Transparency's popularity varied in inverse proportion to its distance: Those who demanded disclosures from others often resisted providing detailed information about themselves. But all those demands did lead to real changes in behavior that in turn provided the foundation for a major shift in patterns of governance.

Those changes included three that proved to be of fundamental importance. First, national and local governments increasingly adopted and implemented legislation providing their citizens with access to information about the governments. Often such legislation came about in response to grassroots demands from citizens fed up with corruption. The new laws enabled civil society groups working on all kinds of issues to hold their governments accountable for how tax funds were spent and how decisions were made. As norms of governmental accountability and citizens' right to know spread and became entrenched, national governments changed for the better. The incidence of corruption decreased substantially, and open political debates upgraded the quality of governmental policies. Those improvements contributed mightily to an increased capacity on the part of a wide range of national governments to engage meaningfully in intergovernmental negotiations, to implement the resulting agreements, and to participate effectively in the growing number of cross-border networks encompassing civil society and the private sector.

Second, intergovernmental organizations began disclosing information previously kept secret, from Country Assistance Strategies at the World Bank to Letters of Intent at the International Monetary Fund. In addition, the IMF established data dissemination standards calling on its member governments to release all kinds of economically important information. The release of all these data made it far easier for outsiders to evaluate the terms of loans and to assess how well intergovernmental organizations and national governments were balancing competing interests in promulgating economic policies. Almost immediately, such scrutiny raised the performance of those intergovernmental organizations. As the organizations found themselves forced to defend their policies to an ever-larger and more attentive public, bureaucratic rigidities and power politics alike withered under the glare.

Third, new agreements began to codify the emerging transparency norms at the global level. The model was the United Nations Economic Commission for Europe Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters, better known as Europe's Aarhus Convention.[1] Unlike the multitude of largely ineffective environmental agreements that had focussed on specific environmental problems, the Aarhus Convention set out to change the process by which environmental decisions were made. Aarhus become so important a model that it is valuable to review its structure in

[1] The following is drawn from Elena Petkova with Peter Veit, "Environmental Accountability Beyond the Nation-State: The Implications of the Aarhus Convention," *Environmental Governance Notes* (Washington, DC: World Resources Institute, April 2000)

some detail:

> Aarhus had three pillars. One set requirements for governments to disclose relevant information to the public. "Relevant information" included data on the state of the environment, planned or operational policies and measures, international conventions and other documentation, institutional mandates, and information on institutional performance. It also required its adherents to establish Pollutant Release and Transfer Registries, under which corporations that released toxic emissions would have to report publicly on the extent of those emissions. Similar registries in other countries had already dramatically reduced the level of toxic emissions without the need for further governmental regulation, proving that corporations could be shamed by public pressure into improving their environmental performance even in the absence of specific government regulations requiring such improvements.
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> The second Aarhus principle laid out ground rules for civil society participation in environmental decision making. All sorts of activities that had particularly significant environmental consequences, from the energy sector to the chemical industry to waste management, were subject to public review and consultation. Governmental environmental policies and programs related to the environment, such as national environmental action programs or waste management policies, also had to undergo public consultation. Together, the requirements aimed to push public authorities at all levels to ensure that the full range of competing interests would enjoy fair representation in decision making. The third Aarhus pillar provided civil society groups with the right to seek judicial remedies for noncompliance with the first two pillars by governments and corporations.
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> All the rights and rules applied across borders, "without discrimination as to citizenship, nationality, or domicile and, in the case of a legal person, without discrimination as to where it has its registered seat or an effective center of its activities." In other words, groups from one country had the legal and enforceable right to demand Aarhus-related information from public authorities and private entities in another. Thus, the broad trend toward transparency took on a new capacity to provide what might be called horizontal accountability, effectively matching the cross-border patterns of economic integration.

Corporate social responsibility: Major corporations found themselves subjected to relentless demands that they become more transparent and adopt new standards of corporate social responsibility, in keeping with their growing ability to operate relatively free from effective governmental oversight. Initially, most simply paid lip service to one of a bewildering variety of Codes of Conduct, refusing to allow any independent verification of their actual behavior. But a few enlightened corporate leaders seized the opportunity to please customers and other stakeholders by undertaking more dramatic action. Some adopted meaningful codes of responsible corporate conduct on environment and human rights, with their performance verified by independent external bodies. Others established new practices that preceded and/or exceeded governmental requirements, such at BP's and Shell's internal emissions trading mechanisms. Over time, these corporations found their good deeds amply rewarded both by customers, who flocked to buy products and services provided by reliably certified companies, and by investors in the rapidly growing socially responsible investing movement. Their success led other major companies to emulate their example, setting off a virtuous cycle of rising corporate standards of behavior.

Transnational networks: The massive protests that surrounded every inter-governmental gathering related to economic integration actually represented merely the tip of a large iceberg of transnational networks of civil society groups that were becoming active in an extraordinary range of global governance activities. Such groups helped to negotiate and draft the Aarhus convention. Others deserved credit for spearheading the public pressure that led inter-governmental organizations such as the IMF, the WTO, and the World Bank to adopt increasingly forthcoming disclosure policies. National civil society networks took the lead in lobbying for national freedom of information policies, and over time those national networks began to link up across borders to share resources and lessons. A wide variety of civil society networks constituted the force behind the corporate social responsibility trend, as their "naming and shaming" strategies sparked significant changes in corporate behavior. And transnational civil society networks increasingly came to redefine the international agenda by means of campaigns on issues ranging from debt relief to trade reform to human rights.

Leadership: Political theory and historical experience alike had long led most observers to assume that effective global governance depended on the willingness of the major power of the day to lead, directing the agenda and bearing a sometimes disproportionate share of the costs. But when the leading power, the United States, proved recalcitrant, new patterns of global governance emerged. Civil society networks and governments of other countries began discovering their mutual power to set and act on an international agenda without the participation of the world's 800-pound gorilla. The phenomenon of alternative leadership started in the 1990s with the International Criminal Court and the Landmine Treaty, and was much strengthened when the US rejected the Kyoto Protocol, only to find itself outside a regime that included almost every other country in the world.

Participation: By the turn of the century, it had become apparent that large constituencies were no longer willing to allow public authorities to sneak public policy past the public. Calls to enable those constituencies to participate in the making of decisions that affected them were receiving an increasingly sympathetic hearing, even from national governments. For example, the Declaration adopted by the Heads of State attending the 1996 Summit of the Americas proclaimed that the signatories would "support and encourage, as a basic requirement for sustainable development, broad participation by civil society in the decision-making process, including policies and programs and their design, implementation and evaluation." But it took time for that rhetoric to translate into reality.

Early in the century, the first response of befuddled functionaries to the massive protests (and the accompanying violence) was to throw up walls, as they did in Davos, Quebec City, and Genoa in 2001, or to move to isolated locations such as Doha. Such moves did little to alter widespread perceptions that global governance had become the province of aloof, remote elites. But over time policy makers came to understand that unless they wanted to relocate their meetings to Antarctica, they needed to provide civil society groups with meaningful channels for voice in global decision making. They found a variety of models for how to do participation well. The original plan for the International Trade Organization back in the 1940s, for example, envisaged that non-governmental organizations would receive documents, propose agenda items, and even speak at conferences. Many environmental agreements already contained language allowing non-governmental groups that were "technically qualified" in areas related to the agreement to be admitted as observers and/or to assist the secretariat of the organization charged with overseeing implementation of the treaty. To permit broad participation while keeping out the lunatic fringe, non-governmental groups were allowed in unless a super-majority of member states voted to exclude them.

Global Governance in 2020

Twenty years into the 21st century, the major development in global governance comes less in the form of institutional changes than in the answer to the question: Governance for what purpose? Early in the century, conventional thinking saw the purpose of global governance as being "to facilitate free trade, freedom of capital movements, and unrestricted access by multinational firms to markets around the globe."[2] Such thinking confused means with ends. It forgot that those steps are merely instruments toward what should be the purposes of governance: solving dilemmas of collective action and dealing with negative externalities in just and legitimate ways. The ultimate end, as Amartya Sen argued, is to advance the ability of those being governed to develop fully their capacities to achieve.[3]

Earlier in the century, we saw years of controversy about whether global economic governance, as it was being practiced, would in fact lead from those steps to the broader ends. As the debate grew more heated, the growing strength of the doubters forced substantial changes in the processes by which intergovernmental organizations and other instruments of global governance operate. The institutions of global governance superficially resemble those of the beginning of the century. We still have a World Trade Organization, a World Bank, an International Monetary Fund, the various "G-groups," and only a handful of new or substantially expanded international organizations. Governments still negotiate international treaties that are crucial to establishing the rules by which the world runs. But, while governments remain the ultimate sources of legitimate authority in global rule-making the processes by which those rules are made and those institutions function have become far more transparent, and a much wider variety of actors regularly participate.

One major change is the eclipsing of the G-8 by the G-20. All the various groupings of governments (the G-5, G-7, G-8, and G-10 of the world's richer countries, and the G-24 and G-77 of the poorer countries) continue to meet. The G-7/G-8 reverted to its original role as a small and informal forum for a handful of world leaders. The G-20 became recognized as the most globally legitimate forum to bring together world leaders in manageably small groups, given its inclusion of both North and South. It is the primary mechanism through which the world sets priorities for the global agenda (albeit heavily influenced by massive lobbying from all sides). Because it now includes a wider range of high-level officials from ministries other than finance in the meetings, it is able to forge connections across issue areas and understand tradeoffs between them. Its small but efficient permanent secretariat has well-functioning mechanisms in place for regular consultations with both the private sector and civil society groups, as do virtually all inter-governmental organizations. Fortunately, however, the world now has such a broad range of channels for conducting collective action that far more priorities can receive significant attention, so that the G-20 is not overwhelmed by the impossible task of running the world or trying to function as a world government.

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[2] Robert Gilpin, *Global Political Economy: Understanding the International Economic Order* (Princeton: Princeton University Press, 2001), p. 401.
[3] Amartya Sen, *Development as Freedom* (New York: Knopf, 1999).

All members of the G-20, along with many other national governments, are parties to the Economic Information Convention, modeled loosely on the Aarhus Convention described above. Originally promoted primarily by the IMF and the United States, the Economic Information Convention builds on IMF data dissemination standards but also includes a broader range of information of interest to citizens as well as investors. The information flows fostered by that convention have gone far to reduce the suspicion and ignorance in which earlier debates over global economic governance were conducted.

Intergovernmental organizations: Beyond the G-groups are the various well-staffed intergovernmental organizations, such as the United Nations, the World Bank, the IMF, and the WTO. These provide important fora within which all the many types of actors on the global scene – governments, corporations, civil society groups, and international civil servants – try to persuade one another about what rules should be made and how they should be implemented. The series of "Financing for Development" conferences that the United Nations began in 2002, for example, mattered despite the lack of success in increasing the transfer of capital from Northern governments to Southern ones. Those conferences brought together staff and government officials from the United Nations, the IMF, and the World Bank in a public setting that required them to defend publicly their views about what economic policies should be adopted and why. Those discussions had two unexpected and highly beneficial side effects. First, they equipped developing countries governments with strong intellectual arguments for pursuing a variety of policies truly appropriate to their national circumstances. Second, some governments found themselves embarrassed by the inability of their national representatives to engage effectively in such public debates, sparking a growing tendency to search out leading thinkers to serve in the executive boards and governing councils of the institutions. That improved oversight in turn changed the atmosphere within the organizations, as staff and management were required to make rigorous and persuasive arguments in defense of their plans and policies.

For the most part, these organizations still do not act independently of governments in setting the rules and are not evolving into supranational authorities telling governments what to do. In one sense their "enforcement" capacities have actually declined. The two-decade experiment with ever-more-intrusive conditionality attached to loans from the international financial institutions has been widely acknowledged a failure, since the conditions generated great bitterness and did little good. The World Bank now makes few loans, giving most of its help in the form of grants and technical assistance. The IMF still serves as lender of last resort for the international system, but its conditions are now broad outcome requirements (e.g., holding international reserves above a certain level) without prescribing how countries should achieve those outcomes. Parts of the negotiations between the IMF and country officials are still often confidential, but they are no longer entirely secret talks between IMF staff and finance ministry officials. The WTO dispute resolution mechanism has evolved substantially to incorporate a much wider range of perspectives on whether a given measure is truly a protectionist trade barrier or a legitimate measure serving a non-trade-related end. The push to do away with all national regulations that might impede trade or foreign investment has given way to a more balanced assessment that allows equal standing to other goals.

Thanks to such measures as the Economic Information Convention and the Environmental Information Convention (a geographically expanded version of the Aarhus Convention), inter-governmental organizations are also playing a more extensive version of their long-standing role as monitors of the state of the world. In this role, they provide a vital early warning function, combining data flows with crucial analysis of emerging problems. They also frequently monitor compliance with international agreements (often in association with non-governmental organizations, although sometimes in competition with them). To a limited extent they serve as the mechanisms for resource transfers, although (with the exception of the Global Health Fund, described below) much of this function has been taken over by private sector and civil society actors.

The institutions of environmental governance have taken on greater relative weight in the international system than they had two decades ago, even though years of sporadic discussions about the creation of a World Environment Organization led nowhere. One major development came with the negotiation of the Environmental Information Convention mentioned above, which built on Principle 10 of the agreement that emerged from the 1992 UN Conference on Environment and Development. Most countries are now party to that convention (although many have not accepted the optional protocol allowing anyone to seek juridical remedies in cases of governmental noncompliance). This convention, like many other advances in transparency, came about after a sustained transnational civil society campaign conducted in alliance with a number of like-minded governments. That campaign began as the Access Initiative, an alliance of four leading environmental NGOs from around the world, and quickly blossomed into a network of thousands.[4] As a result, most governments are now committed to releasing vast quantities of information on their environmental negotiations, plans, policies, and activities. The convention also called for additional funds to support efforts to monitor the state of the global environment. Although, as always, the response to requests for funding to address a global public good is less than ideal, both governments and private actors contributed enough that monitoring has improved significantly. UNEP, in association with a number of NGOs such as the World Resources Institute, is the primary keeper of the world's environmental database, although secretariats for a number of environmental conventions also play that role in their specific areas.

One of the few new formal organizations is the Global Health Program, an outgrowth of the global health fund first proposed by then-United Nations Secretary General Kofi Annan in 2001. At the time, despite repeated governmental proclamations of the goal of universal basic health, the previous century's progress in extending lifespans and improving the health of the world's citizens was severely threatened. Factors such as the collapse of some public health systems and the spread of AIDS were dramatically reducing life expectancies in many regions. Much of the previous century's improvement in life expectancy could be traced to the widespread use of antibiotics, but massive misuse of those antibiotics in both health care and agriculture had created the chilling phenomenon of microbes resistant to most, or all, known treatments. Vast numbers of people still lacked such basic prerequisites of health as safe drinking water. And global expenditures on health care were extremely skewed, with most health research funds dedicated to diseases that affected only 10 percent of the world's population. The consequences were already becoming grave, particularly in sub-Saharan Africa where the human and social capital of an entire generation was disappearing.

The global health fund became the catalyst for the only significant official North-South transfer of resources in this century (other than environmental funds, described below). Rich-country governments initially responded poorly to Annan's call for serious funds to address the AIDS crisis and other health catastrophes afflicting the developing countries. But, urged on by

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[4] The four founding members of the Access Initiative were the World Resources Institute (Washington, DC); the Environmental Management and Law Association (Budapest); the Corporacion PARTICIPA (Santiago); and the Thailand Environment Institute (Bangkok). Information is available at www.wri.org/wri/governance/access_summary.htm.

World Health Organization head Gro Harlem Brundtland, an effective transnational civil society campaign soon mobilized around the issue. Responding both to social pressures to do something about an increasingly visible catastrophe and to fears of the potentially uncheckable spread of incurable diseases, governments and corporations alike contributed. Within a few years, the fund was receiving the $7-10 billion a year Annan had said was necessary to begin creating the infrastructure that could deliver health services effectively.

But the money was not simply transferred to governments to spend as they would. Instead, much of it was channeled through a wide array of non-governmental organizations, international organizations, and private companies. Although inevitably some of the funding was lost to mistakes and corruption, by and large the fund operated transparently and with a high degree of accountability. In time, it evolved into a formal organization that helped developing countries to create effective and efficient health services. Some of its funds went to the World Health Organization, which worked in partnership with private groups to establish a fully effective surveillance capability to monitor outbreaks of infectious diseases around the world and to promote the development of vaccines.

The money also enabled the Global Health Fund and the World Health Organization together to take on a leading policy role in key global governance debates. They successfully challenged the international financial institutions' claims about the virtues of privatizing health care provision and charging access fees for health care. And they spearheaded the fight against the common, but absurd, agriculture practices of feeding massive quantities of antibiotics to livestock to compensate for the disease-prone conditions in which livestock were kept. Although it may still take decades for the countries hardest hit by AIDS and other health catastrophes to recover fully, and although antibiotic resistance continues to plague us, the Global Health Program clearly constitutes an enormous advance over the situation two decades ago.

It took even longer for serious funds to start flowing into helping developing countries address global environmental issues such as climate change. Not until a series of killer hurricanes devastated the state of Texas and swarms of disease-laden mosquitoes made their lethal way up America's east coast did the United States adopt serious policies on climate change. The new environmental commitment of the United States, in conjunction with the roles played by civil society groups and the private sector as described below, has significantly improved global environmental governance. Now, the Global Environmental Facility has been expanded beyond recognition, able to offer assistance to nearly every worthwhile project proposed to it on both climate change and biodiversity. The World Bank and other development funders have become far more careful about assessing the environmental implications of projects they support, and environmental impact statements are routinely conducted independently and made public. The Kyoto protocol, like the Montreal protocol on ozone depletion, has served as the basis for a steadily more demanding set of agreements. Unfortunately, all this comes too late to stave off significant climate change humanity inevitably will confront over the next several decades, or to rescue the nearly one million species driven to extinction in this century alone.

Non-governmental organizations: The systems of global governance consist of a much wider range of actors than just governments and the inter-governmental organizations they create. Both the private sector and civil society groups are key participants in all the stages of global collective action. It still frequently falls to transnational civil society networks to raise new issues for the international agenda. Such groups bear much of the burden of gathering and disseminating information vital to the global public good. They are working ever more closely with poor-country governments, not just providing information but even serving on national delegations at the request of governments. Where international organizations and governments do an inadequate job of monitoring governmental compliance with international agreements, civil society groups are there to keep an eye on things, and to publicize vigorously any perceived shortcomings. Although governments may object heatedly when they get criticized, in calmer moments many officials acknowledge that the NGOs are playing a politically vital role of saying publicly what otherwise could only be whispered. This watchdog role has become much easier and more effective thanks to all the national information disclosure laws and the spread of Aarhus-like conventions.

Although there are still frequent complaints about the lack of formal accountability mechanisms for this sector, the problem has proved somewhat self-correcting. Transparency has become so widespread and the perspectives represented in transnational civil society so diverse that the various groups are now monitoring one another as avidly as they monitor everyone else. The creation and widespread adoption of codes of appropriate conduct for non-governmental organizations has also helped.

Corporations: The many changes in global governance described in this paper have affected the behavior of private business in ways that have proved highly beneficial. Although large corporations in particular still speak with a loud voice in international negotiations, that voice is now better balanced by the presence of citizens' groups speaking on behalf of a wider range of interests. National-level debates also enjoy a better balance, thanks to the improvements in national governance described above that have created much more transparent and participatory systems. The once-popular (in some circles) notion that a corporation's only social responsibility was to maximize shareholder return within the limits of legality, often stretching those limits as far as possible, is now rarely heard. The bewildering array of corporate codes of conduct has now been winnowed down to a handful of relatively well-designed and widely adopted ones, making it easier for customers, communities, employees, and other stakeholders to monitor corporate behavior.

But perhaps the most important shift has come not in how well corporate behavior is circumscribed, but in what a growing number of businesses are setting out to do. One key change has been the revolution in the attitude of big corporations toward the poor. Rather than seeing them as merely occasional targets for corporate charity, businesses began to recognize that even quite poor people could constitute a profitable market if products and production methods were geared toward what they could afford. With nearly half the world living on two dollars a day or less, sheer size made that potential market too large to ignore. This attitude has helped draw the poor out of the informal sector into more regularized economic activity, strengthening their position and providing new opportunities for government revenue collection.

Another major development came in the form of a few key inter-governmental agreements, such as the Kyoto Protocol and the treaty restricting persistent organic pollutants. Such clear signals from governments, along with pressure from transnational networks environmental groups and consumer demand, spurred extraordinary innovation on part of certain enlightened sectors of the business community aimed at creating new technologies and production processes. Those technological innovations are coming together in a trend called "natural capitalism," with industrial production systems designed so that they generate no environmental externalities at all. These will take time to diffuse completely, but already they have made it much easier for governments to agree on steadily improving global environmental standards.

Assessment

Over the past two decades, it became clear that global decision making required the combined efforts of governments, inter-governmental organizations, business, and civil society. The private sector and civil society have shown themselves capable of helping to devise and implement global rules that serve the broad public interest. Corporations and civil society organizations now routinely join with governments in setting the international agenda, negotiating and implementing agreements (formal or informal), and monitoring and enforcing compliance with the standards of behavior set by those agreements. All of this has required an extraordinary degree of transparency, and a broad acceptance of the right of the various actors to participate in making the rules that govern us all.

The new reliance on transparency and participation as fundamental principles of global governance does not work perfectly. A transparency-based system of governance is vulnerable to misinformation and deliberate deception. The voices of the rich still too often speak more loudly than the voices of the poor. And as technology, the physical realities of living on a single planet, and deliberate policy choices continue to tie people more closely together into a community of shared fate, we may find it necessary in time to devise more systematically coercive methods of running the world.

But in the meantime, global governance is now far more legitimate and far more effective than was the case a mere two decades ago. We have found that, as the cliches have it, sunlight really is the best disinfectant and honesty really is the best policy. In the process of trying to figure out which border-crossing problems really matter and how to deal with them, even with the best of intentions everyone involved is bound to make many mistakes. Certainly the world would be blessed could we find a few brilliant and compassionate philosopher-kings able to make all the necessary decisions and painful tradeoffs on behalf of the public interest. We could put them in charge of the national governments or the international organizations and wait for the rules to be handed down. But absent such wisdom from on high, the messy muddle of transnational governance, quite different from traditional patterns of national government, is probably the best we can do. It is hard to see what alternatives, at this point in human history, would better reconcile the sometimes-competing demands for effectiveness, efficiency, fairness, and legitimacy in global governance.