

Mathias Koenig-Archibugi

## **Mapping Global Governance**

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This chapter represents an attempt to grasp the complex structure of contemporary global governance. The first section focuses on the demand for governance at the global level and suggests a framework for looking at its sources. The second section deals with the supply side and suggests a taxonomy of global governance arrangements. The third section looks at the interplay between these arrangements in the global arena.

While the chapter aims to offer an overall picture of its subject matter, its scope is limited in at least two ways. First, attention is restricted to structures and processes that are ‘global’ (transcontinental) in scale. Second, the historical dimension of global governance is largely neglected. In other words, like in a map, no attempt is made to show how its objects have changed in response to changing circumstances and how they evolved or proliferated in the context of wider ‘global transformations’.<sup>1</sup>

### **The demand for global governance**

The best starting point for examining the demand side of global governance is still the state. The state, as an institutional form, emerged as the winner of a long competition between different ways to organize political authority (Spruyt 1994, Philpott 1999). First in Europe and later in most of the world, the sovereign state prevailed over institutional alternatives such as feudalism, theocracy, empire, city-states, and tribes. It succeeded in securing a near monopoly of the legitimate use of violence and expanded its activity into most social spheres, such as education and income support. In short, states be-

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<sup>1</sup>On these aspects see Held et al. (1999) and Murphy (1994).

came and still are the main providers of governance services to societies.

The expansion of state activities has been accompanied by the development of expectations: in the contemporary world, states are expected to perform a range of functions for the benefit of their populations and their legitimacy can be questioned if they do not. Some of these tasks are considered mandatory regardless of contingent factors such as cultural tradition and level of economic development.

Broadly speaking, the core state functions include the containment of physical violence among citizens, defence against external military threats, relief from and protection against natural and impersonal threats (such as epidemics, earthquakes and floods), provision of mass education, poverty relief, and the promotion of economic prosperity by building infrastructures, securing property rights and other measures.<sup>2</sup> More fundamentally, states are required to respect basic human rights while carrying out their activities.<sup>3</sup>

The core tasks of states are codified in international declarations and conventions and/or derive from universalistic cultural models that constitute the 'script of modernity': 'such models are quite pervasive at the world level, with a considerable amount of consensus on the nature and value of such matters as citizen and human rights, the natural world and its scientific investigation, socioeconomic development, and education' (Meyer et al. 1997, p. 148).

Whatever the expectations laid on them, governments often fail to perform those functions. It is possible to distinguish three general reasons for this failure. The first reason is the presence of external effects: governments cannot perform certain tasks adequately because of the interference of factors originating outside their jurisdiction.

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<sup>2</sup>To be sure, more functions can be added to this list, but they are likely to be more controversial, both within and between different regions of the world. For instance, the African Charter on Human and Peoples' Rights (Art. 17.3) states that 'The promotion and protection of morals and traditional values recognized by the community shall be the duty of the State'.

<sup>3</sup>While the discussion in this chapter focuses on the services that governments are expected to provide to their own citizens, it is widely held that governments have obligations also towards the citizens of other countries. The prescribed conduct can be omissive (e.g. the prohibition to wage a war of aggression) or, more controversially, commissive (e.g. the obligation to help populations hit by famines and natural disasters).

Since in many cases external effects are reciprocal (if not symmetrical) it is appropriate to speak of interdependence. The second reason is resource deficiency: governments fail because their material, organizational, or epistemic resources are not sufficient to perform adequately particular functions. The third reason is unwillingness: governments have no interest in carrying out specific functions for their populations or significant sectors of them, or do not perceive the existence of a problem. Interdependence and resource deficiency are problems of capacity, while unwillingness is a problem of motivation. Of course, particular instances of state failure can stem from a combination of causes.

Table 1 delineates different situations characterized by the presence or absence of interdependence, resource deficiency, and unwillingness, shows the main governance problems arising from these different combinations, and indicates the tasks that governance arrangements beyond the state are called to perform.

#### TABLE 1 ABOUT HERE

In the first situation shown in table 1, governments are both able and willing to perform certain functions and therefore no need for global governance arises. For instance, most governments in the world are able to prevent street crime from escalating into chaos.

In the second case, interdependence – more precisely: the perception of interdependence – creates incentives for governments and other actors to coordinate their policies, which they have the ability to implement in their respective spheres of authority. Uncoordinated action might bring about or prolong a situation that is detrimental to the interests of all actors involved. Whenever a range of solutions is possible, though, coordination can be hindered by the need to select one of them (Snidal 1985). Crucially, actors interested in coordination often disagree on which policy option should be chosen, and this might generate a serious bargaining problem. This often occurs, for instance, in the domain of technical standardization: uniform standards would be beneficial to all, but each participant in the standard-setting process prefers that everybody else adopt her own standards. In such situations, the task of global governance arrangements is to facilitate coordination by providing institutional settings where par-

ties can exchange information and negotiate, as well as by presenting focal points to negotiators (Fearon 1998, Martin 1993).

In the third situation indicated in table 1, interdependence makes international collaboration desirable, but collaboration is unstable because the participants are tempted to cheat or exploit the efforts of others, or suspect that the other parties are prepared to cheat or exploit them. The provision of global public goods, such as reducing the emission of greenhouse gasses in the atmosphere or making military personnel available to UN peacekeeping missions, is beset by free-rider problems (Kaul et al. 1999). Similarly, the conclusion and implementation of certain mutually beneficial international agreements, on issues such as arms control and trade liberalization, is problematic because of the risk of unilateral defection and the uncertainty about the other parties' true intentions (Keohane 1984). In such situations, the principal task of global governance is to deter free riding and cheating by monitoring compliance and organizing moral and material sanctions against defectors (Martin 1992).

In the fourth and fifth scenarios of table 1, the central problem is that some governments lack the resources necessary to carry out functions they would be willing to perform. In some cases, such as bringing relief to victims of famines, floods, and earthquakes, other countries might not be directly affected by the problems at hand. In other cases, such as the eradication of infectious diseases and the suppression of terrorism, other countries might have a stake in the resolution of the problem, insofar as this can spill over beyond state borders. Whether interdependence is present or not, structures of global governance can contribute to problem solving in two ways. The first is to strengthen the capacities of the under-performing government by transferring material resources and technical knowledge to it. This is generally the option preferred by other governments, which might provide aid such as capital, food, medicine, technical advice, training, and police assistance. The second method is to take the place of the government and perform directly the functions that the latter is unable to carry out adequately. This option is sometimes chosen by nongovernmental organizations, which sidestep governments and supply goods such as food, medical assistance and education directly to the people who need them. International public agencies tend to practice both methods, generally collaborating with governments and NGOs. In rare cases, the 'international community'

takes charge of a broad range of tasks normally performed by states, as it did in Cambodia, Bosnia-Herzegovina, East Timor, and Kosovo in the 1990s.

In the sixth and seventh scenario of table 1, governments are unwilling to perform some or all core functions. An extreme case is that of genocidal governments, willing to eliminate physically part of their subjects. Less extreme examples include repressive governments that systematically violate human rights within their jurisdictions. Again, in some cases (e.g. human rights violations that do not generate refugee flows) people living in other countries are not directly affected, while in other cases (e.g. aggressive international behaviour of governments) the impact is wider. External actors tackle such situations in various ways: governments and intergovernmental organizations generally try to put pressure on the unwilling government and use deterrence, persuasion or coercion to induce it to fulfil what they consider are its responsibilities; private actors, on the other hand, often try to set up parallel mechanisms for delivering the goods that the government is unwilling to provide.<sup>4</sup>

State failure stemming from unwillingness is certainly the most difficult and controversial situation from the point of view of global governance. It involves a genuine disagreement about the duties of states, both towards their own population and towards other states and societies, or a serious difference in problem perception. Since no world government exists, it is not clear who is entitled to resolve the conflicts arising from such disagreements. On the one hand, in fact, the United Nations provide a forum in which an embryonic global will-formation process can take place, and several declarations and conventions adopted in that context define how governments are expected to behave in a number of important areas. On the other hand, the principle of sovereignty and its corollary, the prohibition of intervention in the domestic affairs of other states, represent substantial hurdles in the way of imposing the respect of externally determined behavioural standards on recalcitrant governments.

During the last decade of the twentieth century, however, ‘sovereignty increasingly came to be seen as conferring on states the obliga-

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<sup>4</sup>For simplicity, table 1 does not depict all possible situations, since a government might be unable *and* unwilling to perform a certain task (and in turn this might or might not affect other countries). In those cases, global governance would require a mixture of persuasion/compulsion and assistance/substitution.

tion of being accountable to the international community' (Taylor 1999, p. 564). This trend was evident especially with regard to humanitarian crises. The provisions of the United Nations Charter are now widely interpreted as permitting the possibility of legitimate humanitarian intervention - which can be defined as 'military intervention in a State, without the approval of the authorities, and with the purpose of preventing widespread suffering or death among the inhabitants' (Roberts 1999, p. 35). An emerging consensus suggests that external intervention can be legitimate, provided it is conducted according to generally accepted international norms and is based on humanitarian concerns or the desire to prevent massive cross-border refugee flows (Dowty and Loescher 1999, Wheeler 2000). In addition, the creation of international tribunals for war crimes and crimes against humanity reflects, amongst other motives, the determination to deter future governments from violating the internationally recognized rights of the individuals within their reach (Ratner and Abrams 2001). However, so far the 'international community' has been willing to enforce its standards upon 'failing' states only in particular circumstances.

### **The structures of global governance**

The various forms of state failure discussed in the previous section generate a demand for governance, but there is no reason to expect that alternative structures will automatically arise to meet this demand. Governance above the level of individual states is often inadequate and in some domains it is virtually non-existent. What causes interstate governance arrangements to arise and endure is the topic of a large portion of the international relations literature; why some arrangements are more effective than others in solving the problems that led to their creation is also a topic of extensive research (Hasenclever et al. 1997, Martin and Simmons 1998, Young 1999). Moreover, the causes and consequences of transnational governance and authority are attracting the attention of an increasing number of researchers (Cutler et al. 1999, Higgott et al. 2000, Josselin and Wallace 2001, Rosenau 1997).<sup>5</sup> Other chapters in this volume illustrate

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<sup>5</sup>'Transnational' refers to private-actor relations and arrangements that cross state borders and for which governments do not act as intermediaries or gatekeepers

the diversity of perspectives from which these questions have been considered. This section aims rather at providing a conceptual framework that might be useful to grasp the variety of governance structures to be found in the global system.

The term ‘governance arrangement’ is used here to describe how the interaction between various actors pursuing common goals is structured. Thus governance arrangements represent the link between the demand and the supply of global governance. Among the features of the contemporary system of global governance there is not only the coexistence and interaction of many governance arrangements, but also the fact that they come in a variety of institutional forms.

The attempt to classify governance arrangements involves the selection of certain core dimensions of institutional variation. This is a difficult task, since governance arrangements differ on many dimensions. These include, for instance, the use of hard or soft law, the role of technical expertise, the availability of financial resources and enforcement mechanisms, and many other details of institutional design. Which attributes are more relevant depends on the specific question asked. However, if the aim is to gain an overall vision of the forms of contemporary global governance, then three dimensions of institutional variation seem especially important. They can be called publicness, delegation, and inclusiveness.

The first dimension, *publicness*, refers to the nature of the active participants in the governance arrangement. To be an active participant means to contribute to the definition of a rule or a policy, or, in other words, to be a governance-giver rather than a governance-taker. The publicness dimension involves two aspects. The first is whether the participants are governments or private actors such as firms and NGOs. Intermediate cases are public agencies that possess a degree of autonomy from national executives, such as central banks, regulatory authorities, and members of the judiciary. While traditionally executives have maintained a monopoly over the external relations of states, the growth of transgovernmental networks represents a remarkable addition to global governance. Some would argue that private actors differ too in their degree of publicness: NGOs promoting

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(Keohane and Nye 1972, Risse-Kappen 1995). ‘Transgovernmental’ refers to cross-border contacts between governmental agencies other than heads of governments and foreign ministries (Keohane and Nye 1974, Slaughter 2000).

the general interest, or rather their conception of it, are not the same as profit-seeking companies.

The second aspect of the publicness dimension is the nature of the interaction: To what extent do actors with different degrees of ‘publicness’ collaborate within the same arrangement? While some arrangements have a homogeneous membership, others are hybrid, bringing together public and private actors. From this point of view, all governance arrangements can be located on a continuum that includes state-centred arrangements with no access for private actors, state-centred arrangements with private-actor access (e.g. a consultative role for NGOs and business), private-public partnerships, private governance with public supervision, and purely private regimes without public oversight.

The second dimension, *delegation*, refers to the fact that in both public and private governance arrangements a number of functions can be performed by organizations created ad hoc.<sup>6</sup> However, many arrangements operate without the assistance of any organization (Young 1994, p. 174). This dimension involves two aspects as well. The first aspect is scope: Which functions are delegated to organizations? In general, three groups of functions can be delegated: rule- and policy-making (legislative delegation), policy implementation (executive delegation) and dispute resolution (judicial delegation). The second aspect is independence: Within its assigned sphere of competence, how much autonomy and discretion does the agent have vis-à-vis its principals? Figure 1 shows several possible sites of authority in public governance arrangements and ranks the level of del-

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<sup>6</sup>Abbott and Snidal (1998) have identified several reasons why states create international organizations and delegate functions to them. First, states can benefit from centralization: international organizations facilitate bargaining between states and can manage operational activities more efficiently as a result of economies of scale. Other benefits stem from the independence of international organizations: these can identify problems and possible solutions, monitor the behaviour of states, legitimize international policies, provide impartial information, act as trustees, distribute scarce resources in a ‘technical’ way, arbitrate between competing claims, and promote the values and norms of the ‘international community’. This list is not exhaustive. For instance, national executives might be willing to delegate functions in order to increase their policy influence vis-à-vis other domestic actors (Moravcsik 1994) or to make it more difficult for future governments to reverse policy decisions made by the present government (Moravcsik 1998a).



egation corresponding to each.<sup>7</sup> Concerning legislative delegation, rule-making by a body in which not every member state is represented, such as the UN Security Council or the IMF Executive Board, means a higher level of delegation than rule-making emerging from diplomatic bargaining or plenary assemblies - but less than rule-making by independent agencies, such as the European Commission. Majority voting rules imply higher levels of delegation than unanimity<sup>8</sup>. When the implementation of policies is left to national administrations, delegation is lower than when this task is performed by independent agencies, such as the UN World Food Programme. In dispute resolution, delegation is very high when independent courts are able to take decisions that are binding for the parties, as provided for instance in the 1998 Treaty of Rome establishing the International Criminal Court.<sup>9</sup>

#### FIGURE 1 ABOUT HERE

On the delegation dimension, the continuum extends from regimes where all policies are decided through negotiation and implemented by the participating actors themselves (e.g. the 1987 Montreal protocol on the protection of stratospheric ozone) to arrangements where significant legislative, executive, and judicial functions are performed by autonomous supranational agencies (e.g. the European Union).

The third dimension is *inclusiveness*. In some areas of global governance, decisional power might be shared by all or most actors affected by the resulting policies and rules, while in others it might be concentrated in very few hands. Again, this dimension has two aspects. The first is access. What share of the actors bounded by a rule or directly affected by a policy participates actively in determining its content? The second aspect is weight. How equally is influence distributed among the active participants? In the UN General Assembly, for instance, nearly all states of the world are represented and entitled

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<sup>7</sup>On the conceptualization of delegation see also Abbott et al. (2000, p. 415-18).

<sup>8</sup>Strictly speaking, majority voting is a manifestation of sovereignty pooling rather than sovereignty delegation (Moravcsik 1998b, p. 67), but here delegation is understood broadly and includes both situations.

<sup>9</sup>Keohane et al. (2000) discuss various forms of international and transnational dispute resolution mechanisms.

to participate in drafting and voting resolutions. Voting power, moreover, is equally distributed among member states. Most countries of the world are members of the World Bank, too, but here a weighted voting system gives more power to the largest financial contributors, i.e. the developed countries. In the field of banking regulation, finally, standards are set by a dozen of central bankers from developed countries.

Inclusiveness is properly seen as a continuum, but regarding this dimension it might be useful to divide decision-making in unilateral, minilateral, or multilateral (Kahler 1993).

The three dimensions form an attribute space (Lazarsfeld and Barton 1951), in which all actual or hypothetical governance arrangements can be located. Figure 1 represents visually this three-dimensional space.

#### FIGURE 2 ABOUT HERE

The position of any particular arrangement along the three dimensions is a matter of degree. The corners of the attribute space correspond to eight ideal-typical governance arrangements. The properties of these (empirically implausible but heuristically useful) ideal types are summarized in Table 2.

#### TABLE 2 ABOUT HERE

The first two ideal types denote governance arrangements in which all governments of the world have a significant role. In global supranationalism, moreover, governments delegate to autonomous bodies substantial legislative, executive, and judicial powers. If the governance of many issue areas were ever organized according to this modality, we would witness ‘global government’. No such thing is in sight, however, and the governance arrangement closest to this ideal type can be found at the regional level: the European Union.

Hegemony means that governance is ‘supplied’ by one single public actor.<sup>10</sup> The hegemon might choose to delegate the management

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<sup>10</sup>This use of the word hegemony is close to Keohane and Nye’s (2001, p. 38), who define hegemony as a situation in which ‘one state is powerful enough to maintain the essential rules governing interstate relations, and willing to do so. In addition to its role in maintaining a regime, such a state can abrogate existing rules, prevent the

of these rules to an independent agency, for instance in order to make them more acceptable to the passive participants of the regime.

Similarly, monopoly means that governance is ‘supplied’ by one single private actor. The monopolist might choose to administer the system through independent agencies. In the case of global transnationalism, on the other hand, all private actors affected by the regulation of a certain policy area are able to participate in decision-making, from which public agencies are excluded.

In order to illustrate the institutional variety of contemporary global governance, in the following pages I present a number of examples drawn from different regions of the three-dimensional attribute space identified above.

*Example 1: high publicness, low delegation, high inclusiveness*

The international postal regime is a venerable example of intergovernmental governance arrangement. Established in 1874, the Universal Postal Union (UPU) is the second oldest international organization after the International Telecommunications Union. Its task is to facilitate the cross-border flow of mail, which currently amounts to around ten billion items each year, and make sure that the world remains ‘one single postal territory’. For this purpose, the UPU members have agreed on a body of norms regulating the rights and duties of transit states, the protection of both mail and mail handlers, the compensation for lost or damaged items, the use of uniform technical standards, and the allocation of markets shares and revenues among national postal administrations. Replacing the previous network of bilateral agreements with a multilateral regulatory regime has allowed a significant reduction of international postal rates and an increase in speed and reliability (Coddington 1964, Zacher and Sutton 1996).

The members of the UPU are states, currently 189. They have one vote each, although generally decisions are taken by consensus. The level of delegation is low: decisions are taken by the member states themselves in the Congress, which meets every five years. Since the 1980s, however, more regulatory power has been delegated to the Council of Administration and the Postal Operation Council, which

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adoption of rules that it opposes, or play the dominant role in constructing new rules’.

are composed of forty elected member states. The competences of the secretariat of the Union are limited: it provides logistical support to the other organs; collects and disseminates information on postal rates, transport routes, custom regulations, and related matters; provides technical assistance to member states; maintains accounts on what member states owe each other because of transit fees and unbalanced mail flows; and mediates disputes over the interpretation of UPU regulations. No enforcement mechanisms exist within the Union, but there are not many incentives to defect from its regulations.

*Example 2: high publicness, high delegation, low inclusiveness*

A core governance arrangement for the management of international monetary relations is the International Monetary Fund (IMF). Before the breakdown of the Bretton Woods system in the early 1970s, the Fund's main task was to manage the regime of fixed exchange rates and provide short-term loans to countries with balance of payment difficulties. Since the 1980s, the activities of the IMF include the close surveillance of the economic policies of the member states, the design of structural adjustment packages that combine longer-term loans and economic conditionality, the coordination of emergency rescue operations of countries hit by financial crises, and the provision of technical assistance and training to member state officials. The IMF's overall goal is to stabilize the global monetary and financial system and indirectly to promote international trade.

The members of the IMF are states and, so far, the organization has remained largely impermeable to non-state actors (O'Brien et al. 2000). While 183 states are members of the IMF and affected by its policies, the Fund is less inclusive than other international organizations (in the sense defined earlier), since the power to create and modify rules is very unequally distributed among its members. This is partly the result of formal operational rules: the voting power of each country depends on its financial contribution to the organization and therefore on its economic strength. The US and the EU member states, which among them account for approximately a tenth of world population, together control more than half of the votes in the Fund's executive board. Moreover, special majority requirements on certain policy matters increase further the influence of the big contributors. During the first two decades of the IMF's life, the US held a position of clear predominance within the organization, bringing it close to

the 'hegemonic' ideal type. Afterwards, the US had to share its power with the stronger European economies and Japan, but maintained a preponderant position (Kahler 1990, p. 94-97). Most notably, 'in the several financial crises that have afflicted the international economy, including the 1994-1995 Mexican crisis and the post-1997 East Asian crisis, the United States in effect dictated IMF responses' (Gilpin 2001, p. 385).

In the IMF there are two major steps of delegation. First, the Board of Governors, which is composed of representatives of all member states, delegates almost all its powers to the Executive Board, which is composed of representatives of the most important contributors as well as states elected by geographic constituencies. Second, while the Executive Board is the main permanent decision-making organ of the IMF, the policies of the organization are strongly influenced by the preferences of its staff, to which important functions are delegated. The Executive Board chooses a Managing Director (traditionally an European), who has considerable freedom to appoint the rest of the staff. The staff has wide-ranging agenda setting power, since the Executive Board takes its decisions on the basis of proposals presented by the staff and is unlikely to amend them. In addition, the staff can use the informational advantage it has over the Executive Board to influence the latter's decisions (Kafka 1996, Southard 1979).

*Example 3: high publicness, high delegation, high inclusiveness*

In 1995 the contracting parties to the General Agreement on Tariffs and Trade (GATT) created the World Trade Organization (WTO), which is now the main forum for negotiating the basic rules of global trade. The WTO bolsters the gradual liberalization of world trade by promoting the principles of non-discrimination, reciprocity, and preferential access for less developed countries.

The members of the WTO are states.<sup>11</sup> Each of the 142 members is entitled to an equal vote, but decisions are taken by consensus rather than by voting. While the major economic powers unquestiona-

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<sup>11</sup>However, it can be argued that the WTO has a lesser degree of publicness than the IMF, as a result of the fact that, 'although states retain formal gatekeeping authority in the GATT/WTO system, they often have incentives to open the gates, letting actors in civil society set much of the agenda' (Keohane et al. 2000, p. 486).

bly have a disproportionate influence on the decisions taken within the organization, they lack the formal privileges they enjoy in the IMF and other international economic organizations. Less powerful countries, by building coalitions, can use their voting power to block decisions harmful to their interest, as became especially evident during the 1999 WTO meeting in Seattle. ‘The less developed countries discovered at Seattle that they could influence the rules governing the international economy and at least prevent adoption of new rules contrary to their interests’ (Gilpin 2001, p. 386). Inclusiveness is thus relatively high.

Contrary to what happens in the IMF, none of the powers of the plenary organs (the ministerial conference and the general council) is delegated to a smaller group of member states, and the secretariat lacks both agenda setting and enforcement powers. Nevertheless, delegation is quite high in the WTO because of its compulsory dispute settlement system. Once a member state files a complaint against another for violation of a WTO agreement, the case is examined by a panel consisting of experts chosen by the parties and, on appeal, by an appellate body composed by seven independent experts, three of whom sit on each case in rotation (Garrett and McCall Smith 1999, Hudec 1999). Since panel reports and appellate body decisions are adopted unless all member states agree to reject them - a very unlikely scenario - ‘it will be virtually automatic that the parties are by treaty law obligated to carry out the recommendation’ (Jackson 1998, p. 167). While not realizing full judicial delegation, the system is closer to adjudication than to diplomatic bargaining (Stone Sweet 1999). Concerning enforcement, the WTO cannot punish directly a country that has violated its rules, but it can authorize and legitimate bilateral trade sanctions.

*Example 4: high publicness, low delegation, low inclusiveness*

The G7 is a governance arrangement centred on the annual meetings of the political leaders of the US, Japan, Germany, France, the United Kingdom, Italy, Canada, and the European Community. Since 1998, the G7 has been complemented but not replaced by the G8 meetings, which include Russia as a full member. The summit participants generally include the chief executives (presidents or prime ministers), the finance ministers and the foreign ministers of each country, representatives of the European Community, and occasionally representa-

tives of other states or institutions. In addition to summit meetings, today the wider G7/G8 system includes regular or ad hoc meetings among ministers (responsible for finance, trade, environment, employment, etc), central bankers, the leaders' personal representatives, and a number of task forces, working groups, and expert groups.

Through their meetings, leaders establish personal contact (side-stepping bureaucracies), exchange information and opinions, coordinate national policies, send signals to domestic constituencies, enhance the credibility of their commitments, and agree on collective action, sometimes to be implemented through other international organizations. Over the years, the G7/G8 system has dealt with a broad range of issues: macroeconomic policy coordination, international trade, energy supply, unemployment, development, debt relief, arms control, terrorism, environment, nuclear safety, human rights, AIDS, narcotic drugs, transnational crime, money laundering, post-communist transitions, nuclear non-proliferation, financial market stability, the global information society, and the reform of various international organizations, notably the United Nations, the IMF and the World Bank (Bayne 2000, Hajnal 1999, Putnam and Bayne 1987).

According to some observers, 'the G7/8 is emerging as the effective centre of global governance for the new era' (Kirtton 1999, p. 65). While many of the decisions taken or instigated by the G7/G8 affect a large portion of the world population, the arrangement is intentionally designed as club with exclusive membership rules. Delegation is non-existent: the G7/G8 has no secretariat, and governments are responsible both for setting the agenda and for fulfilling the commitments made at the meetings.

*Example 5: low publicness, high delegation, high inclusiveness*

Transnational commercial arbitration consists of an extensive web of institutions that allows companies to resolve business disputes without having to resort to national courts. In this system of private governance, companies entering a contractual relationship with one another agree to delegate to private judges, the arbitrators, the power to adjudicate upon their claims should a dispute arise. Created in 1919, the International Chamber of Commerce, through its International Court of Arbitration, is still the main provider of arbitration services to international business. Since the late 1970s, however, the

number of arbitrators has grown considerably, as arbitration has become a lucrative business itself. Today over 120 arbitration centres in various parts of the world offer services in competition with each other (Dezalay and Garth 1996).

Many arbitrators resolve disputes by applying, amongst other sources, a body of customary law known as *lex mercatoria*, or law merchant. Originally, the *lex mercatoria* was developed in the Middle Ages by the transnational merchant community on the basis of their trading practices and usages. Adjudication and enforcement occurred within the merchant community itself, independently from the coercive powers of territorial lords. In the new *lex mercatoria* developed in the twentieth century, commercial practices are complemented by legal doctrines and a substantial number of standard contract clauses, codes of practice, collections of transnational commercial customs, conventions, and model laws drafted by international agencies.

Compliance is not a serious problem. About ninety percent of ICC arbitration awards, for instance, are complied with voluntarily. Arbitral decisions can be enforced through a variety of private mechanisms: publication of a party's non-compliance, exclusion from future arbitration procedures, exclusion from the industry's professional association, and other measures that can seriously damage a company's reputation. Moreover, a convention signed in 1958 and ratified by many states makes foreign arbitral awards enforceable by national courts, and a growing number of them are prepared to accept awards referring to the *lex mercatoria* only (Medwig 1993).

*Example 6: low publicness, low delegation, low inclusiveness*

For over a century, the world market for diamond gemstones has been dominated and regulated very effectively by a strictly disciplined diamond cartel. The cartel controls most of the world's diamond mines, sets production quotas, defines standards, handles all sorting of the gemstones, and determines who can buy which stones at what price (Spar 1994). Within the cartel, one actor has overwhelming power: the DeBeers Corporation. Although less than a tenth of the world's diamonds come from its South African mines, DeBeers sets the rules of the diamond industry and has been able to enforce cooperation among the cartel members and suppress centrifugal inclinations. The company has contractual links with most dia-



mond producers, which ensure its position as sole purchaser, price setter, and distributor. It controls the Central Selling Organization (also known as the Syndicate), through which over eighty percent of the world's rough diamonds are sold. DeBeers is able to impose its rules to both producers and buyers through a careful use of rewards and sanctions.

It is remarkable that not only the relations between DeBeers and the selected buyers of its rough stones, but also the relations among the members of the broader community of diamond dealers (organized in the World Federation of Diamond Bourses) are governed by a complex system of rules designed to avoid the interference of state law. As Bernstein (1992) has shown in her study on the New York diamond bourse, deals are made through extralegal contracts and disputes are settled cooperatively or, in exceptional cases, by arbitrators. Arbitration proceedings and awards are based on internal regulations and customary norms, and are kept secret unless a party fails to comply. Enforcement depends mainly on social ostracism and reputational damage, and is very effective: an arbitrator can put a dealer 'out of business almost instantaneously by hanging his picture in the clubroom of every [diamond] bourse in the world with a notice that he failed to pay his debt' (Bernstein 1992, p. 149).

*Example 7: low publicness, low delegation, high inclusiveness*

The growth of economic globalization in recent decades - notably of international trade, foreign exchange transactions, foreign investment, and financial derivatives (options, futures, and swaps) - has produced a dramatic increase in the number of cross-border payment transactions handled by banks. This expansion is due also the massive increase in the personal use of credit cards and cash dispensers in foreign countries. The banks have created a global network of institutions that allow them to organize their interactions and resolve disputes without recurring to national legislation and adjudication (Frick 1998). In particular, since the mid-1970s transnational bank transfers and some other financial transactions have been increasingly handled through the Society for Worldwide Interbank Financial Telecommunication (SWIFT). SWIFT is a private-law corporation owned by over 2,500 banks through the world, which transmits financial messages between its affiliated banks and financial institutions (approximately 7000 in 193 countries) by means of a worldwide

computerized communications network. Currently the network carries 1.2 billion messages a year. The average value of payment messages is about \$ 5 trillion a day.

Through SWIFT and other networks, banks have developed their own technical standards and coding systems independently from national and intergovernmental regulation. The banks try to avoid intervention by governments or bodies such as the European Commission whenever possible. Participants in the SWIFT network have to comply with a number of rules, which *inter alia* aim to prevent disputes from being decided by state courts. ‘Judicial contests between banks participating in the cross-border business are still an absolute exception’; moreover, ‘even arbitration tribunals are turned to only in exceptional cases; in this respect as well, the banks, with their policy of sectoral-internal conflict resolution, occupy a special position among the actors in cross-border legal transactions’ (Frick 1998, p. 96-97). Agreement based on business practices, professional standards and shared understandings is preferred to litigation and arbitration.

*Example 8: low publicness, high delegation, low inclusiveness*

The Internet relies on a centralized domain name system (DNS) to control the routing for the vast majority of global Internet traffic. Control over the DNS confers substantial power over the users and providers of Internet services worldwide, for instance in relation to intellectual property issues. Since 1998, this crucial aspect of the Internet is managed by the Internet Corporation for Assigned Numbers and Names (ICANN). When the US government decided that the governance of the Internet’s infrastructure should be privatized and left to ‘industry self-regulation’, ICANN took over the management of the DNS and root server system and the allocation of Internet protocol number from US government contractors (Mueller 1999). ICANN, a private non-profit organization, has already taken several controversial policy decisions, notably the award of new top-level domains, and created a compulsory dispute resolution mechanism to protect trademark owners.

The exercise by a private body of what are essentially public policy functions with global implications has raised serious concerns about the representativeness and accountability of its decision-making procedures (Froomkin 2000). At the time of writing, the majority of the members of ICANN’s legislating body are nominated by

three ‘supporting organizations’, which represent mainly technical and business interests. However, the corporation’s by-laws contain a formal commitment to make the decisional process more inclusive, and in 2000 the global ‘At-Large’ community of individual Internet users was allowed to elect a limited number of ICANN directors by means of electronic voting. Currently, an intense debate is underway between those who think that ICANN’s decision-making rules should privilege the most direct ‘stakeholders’ and those advocating the inclusion of the At-Large community of users as members in the organization (NAIS 2001).

#### *Intermediate cases*

The preceding examples have been selected to show that there is substantial variation in contemporary global governance regarding institutional forms. However, it should be noted that some of the most interesting governance arrangements in the global system take on intermediate values on one or more dimensions of institutional variation. Authors such as Reinicke and his associates (2000), for instance, have stressed the contribution to global governance given by ‘global policy networks’, which combine trisectoral membership (public actors, business actors, and NGOs) and low formality.

As noted above, an arrangement displays an intermediate degree of publicness in two situations (which are not mutually exclusive): both public and private actors participate in the arrangement, or the participants are neither governments nor private actors, but public independent agencies (transgovernmental arrangement). A prominent example of the first situation is the International Labour Organization, with its distinctive tripartite structure. In the ILO each country has four votes: two are cast by its government, one by the accredited workers organization of the country, and one by the accredited employers association. Inclusiveness is high and significant powers are delegated to the International Labour Office (Bartolomei de la Cruz et al. 1996, Haas 1964). Another case of hybrid membership is the International Organization for Standardization (ISO), which has developed highly influential technical and environmental standards that have been accepted by firms, governments, and international organizations worldwide. Its members are the standards-setting bodies of 117 countries, of which around half are government departments, a

third are mixed private-public bodies themselves, and the remaining are strictly private organizations (Clapp 1998).

An important example of the second situation (collaboration between national public agencies other than governments) is the Basle Committee on Banking Supervision. Created in 1974, it consists of representatives of twelve central banks that oversee the activities of the world's most important financial markets. The Basle Committee has no formal constitution and has no own staff or facilities: delegation is therefore non-existent. It is an exclusive club, which agrees on rules for the banking industry that are adopted also in many countries not represented in the committee and that affect worldwide financial stability. Another, more inclusive, example is the International Organization of Security Commissions (IOSCO), which consists of representatives of over 100 security regulators from around the world, covering 85 per cent of the world's capital markets (Zaring 1998).

Many governance arrangements can also be found on intermediate locations on the delegation continuum. An example of moderate delegation is the Chemical Weapons Convention, which was signed by 130 states and became operative in 1997. Contrary to most arms control agreements, CWC provides for a relatively strong supervisory body, the Organization for the Prohibition of Chemical Weapons, which consists of a plenary congress of member states, an executive council, and a technical secretariat with around 200 inspectors (Bother et al. 1998).

### **Complex architectures of governance**

In the previous section, for the sake of clarity, various types of governance arrangements have been examined in isolation from each other. This method is useful to shed light on the institutional diversity of contemporary global governance, but ignores its intertwined pattern. In reality, governance arrangements rarely operate in a vacuum; more often they interact with other arrangements in complex ways. Oran R. Young (1999, p. 163-88) has presented a framework for studying the interplay among international regimes that is useful to understand global governance in general. According to Young, institutional linkages can take four forms: embedded regimes, nested regimes, clustered regimes, and overlapping regimes. Young does not

consider his list necessarily exhaustive, and in fact a fifth type of interplay is suggested here: institutional competition.

*Embedded arrangements.* The creation and operation of many arrangements depends on the existence of a broader set of constitutive principles and norms that predetermine who the potential members are and the basic rules of their interaction. Most intergovernmental regimes are 'predicated on an understanding of international society as made up of territorial states possessing exclusive authority over their own domestic affairs, enjoying sovereign equality in their dealing with one another, and refusing to be bound by rules of the game to which they have not consented explicitly' (Young 1999, p. 165-5). In the Middle Ages, the *lex mercatoria* was embedded in the transnational community of merchants. In the future, individual private governance arrangements might be seen as components of a global civil society based on distinctive rules and practices (Anheier et al. 2001, Wapner 1997).

*Nested arrangements.* Frequently specific governance arrangements are created within, or subsequently brought under, more comprehensive arrangements that deal with the same set of issues at a more general level. A very visible example of nesting is the relationship between the United Nations - essentially an all-purpose political framework - and the large number of organs and programmes operating under that umbrella, such as the UN Development Programme, the UN High Commissioner for Refugees, the UN Environmental Programme, and UNICEF. In addition, a number of organizations are formally nested in the UN system as 'specialized agencies' (but in reality they are largely autonomous from the central UN organs): UNESCO, the World Health Organization, the Food and Agriculture Organization, the Universal Postal Union, the International Labour Organization, the IMF, the World Bank, and others. A different example of 'nesting' is the hierarchical relationship between the WTO and the Asia-Pacific Economic Cooperation grouping (APEC), where the former sets the boundaries of permissible liberalization among the members of the latter (Aggarwal 1998, p. 6).

*Clustered arrangements.* It often occurs that several governance arrangements are linked in a non-hierarchical fashion to increase their problem-solving capacity. For instance, in global finance a growing number of conglomerates is involved in various kinds of financial services (bank lending, securities, derivatives, insurance) and these

new developments have induced the Basle Committee on Banking Supervision, the International Organization of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors to form the Joint Forum on Financial Conglomerates, with the aim of developing a comprehensive approach to the regulation of those entities (Slaughter 2000, p. 187). Meanwhile, IOSCO is working with the private International Accounting Standards Committee on the formulation of common accounting standards for securities firms (Braithwaite and Drahos 2000, p. 155).

An example of clustering in the public health field is the fight against malaria, a disease that kills one million people each year. In 1998, the World Health Organization, UNICEF, the World Bank, and the UN Development Programme decided to unite their efforts and launched the Roll Back Malaria initiative (RBM). In turn, the members of RBM have joined other public and private actors - such as the International Federation of Pharmaceutical Manufacturers Associates, the Global Forum for Health Research, the Rockefeller Foundation, and the governments of the Netherlands, Switzerland, and the UK - in a non-profit business venture (Medicines for Malaria) aimed at the development of new and affordable drugs (Reinicke 2000, p. 41, 45-7). These initiatives are instances of a proliferation of 'networks of networks' (Slaughter 2000, p. 186) at the global level.

*Overlapping arrangements.* Sometimes a governance arrangement has a significant impact on the functioning of another arrangement, although they were formed for different purposes and their intersection was not intended by their creators (Young 1999, p. 170). For instance, several multilateral environmental agreements (e.g. the Basel Convention on hazardous waste, the Convention on International Trade in Endangered Species, and the Montreal Protocol on ozone-depleting substances) include the possibility of trade restrictions, because the trade itself damages the environment and/or because trade sanctions can be useful as enforcement mechanisms. Yet these trade restrictions are in tension with the WTO rules, which do not provide for discrimination based on participation in or compliance with environmental accords (Brack 1999). Another example of overlapping is the intersection between the international whales regime, which is functionally very specific but whose geographical scope is encompassing, and the regime created by the Convention on the Conservation of Antarctic Marine Living Resources, which is functionally

broader but delimited to a particular portion of the world's oceans (Young 1999, p. 171-2, Vogler 2000).

*Competing arrangements.* Institutional competition could be added to Young's list as a distinct form of institutional interplay. For instance, considering that the GATT was too biased in favour of the developed countries, the G-77 developing countries established the UN Conference on Trade and Development as a competing forum in which their concerns would receive more attention (Braithwaite and Drahos 2000, p. 194-5). Another example is the conflict in the mid-1970s between the supporters of the IMF and those of the OECD over the question which organization should be responsible for providing financial assistance to western countries with balance-of-payment difficulties after the first oil shock (Cohen 1998).

Many cases of institutional competition occur between private and public arrangements. The main function of transnational commercial arbitration, considered above, is the avoidance of national legal systems and courts. Frequently, business actors engage in transnational self-regulation in order to avoid regulation by intergovernmental agreements (Braithwaite and Drahos 2000). An instance of what might be called 'preventive self-regulation' is the Code on Pharmaceutical Marketing Practices, which was launched by the International Federation of Pharmaceutical Manufacturers Association to prevent the adoption of stricter regulation of drug promotion by the World Health Organization and other international bodies (Ronit and Schneider 1999, p. 251-5).

## **Conclusion**

This chapter has shown that contemporary global governance is characterized by a high degree of diversity and complexity. Governance arrangements can take public, private, or hybrid forms. They can involve substantial delegation of functions or reflect the desire not to create and empower independent bodies. They can involve many of the stakeholders in the decision making process or convey the overwhelming power of a few. Furthermore, the interplay among distinct governance arrangements is also remarkably diverse, as the modalities of interaction range widely, from symbiosis to rivalry. The heterogeneous and at times contradictory character of global governance

presents a challenge to any attempt to understand its operation and evolution in theoretical terms.

Many scholars of global governance are concerned with the possibilities and conditions of its improvement. Some focus on the capacity of governance arrangements to solve the problems that led to their creation, and ask which institutional designs are more conducive to effectiveness (Miles et al. 2001). Others stress the need to strengthen the mechanisms for participation and accountability in global policy making, and explore ways to increase the ‘congruence’ between the input and the output sides of global governance, i.e. those who are entitled to participate in decision making and those who are affected by the decisions taken (Held 1995, Archibugi et al. 1998). Grasping the multidimensional and intertwined nature of existing arrangements, and in particular the elusive role of private authority, is an important step towards the conception and construction of institutions capable of simultaneously attaining these crucial goals: improving the performance of global governance and increasing its public accountability.



## Appendix

Figure 3 maps the organizational infrastructure of global governance. It includes a number of formal intergovernmental and transnational organizations operating at the global level.<sup>12</sup>

Of course, the drawing of a map, in this as in other domains, is never a neutral process. A first contentious decision concerns what to put at the centre of the map. This problem is solved here by adopting a consciously UN-centred perspective. A second major problem is to select which specific organizations should be included. This task is far from easy, considering that the Union of International Associations (2001) has collected information on 5,244 intergovernmental and 25,504 international non-governmental organizations, of which many have a global reach. Thus the following graph reflects a rather subjective assessment of the importance or exemplary character of the organizations, especially with regard to the outer zone of the map.

FIGURE 3 ABOUT HERE

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<sup>12</sup>Not included are corporations and regimes not supported by organizations.

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Table 1. Potential sources of state failure and the resulting demand for global governance.

<b>Interdependence</b>	<b>Resources</b>	<b>Willingness</b>	<b>Problem</b>	<b>Global governance task</b>
absent	present	present	none	none
present	present	present	multiple equilibria	coordination, mediation
present	present	conditional	free riding	monitoring, sanctioning
absent	absent	present	resource deficiency	assistance, substitution
present	absent	present	resource deficiency with spillover effects	assistance, substitution
absent	present	absent	dysfunctional goals	persuasion, compulsion, substitution
present	present	absent	dysfunctional goals with spillover effects	persuasion, compulsion, substitution

Figure 1. Possible levels of delegation of legislative, executive and judicial powers in public governance arrangements.

<b>Legislative delegation</b>			
<b>Low</b>			<b>High</b>
<i>Diplomacy</i>	<i>Plenary organ</i> <i>unanimity - majority</i>	<i>Non-plenary organ</i> <i>unanimity - majority</i>	<i>Independent agencies</i>

<b>Executive delegation</b>		
<b>Low</b>		<b>High</b>
<i>Governments</i>	<i>Non-plenary organ</i>	<i>Independent agencies</i>

<b>Judicial delegation</b>			
<b>Low</b>			<b>High</b>
<i>Diplomacy</i>	<i>Mediation commissions</i>	<i>Arbitration tribunals</i>	<i>Independent courts</i>

Figure 2. An attribute space of governance arrangements

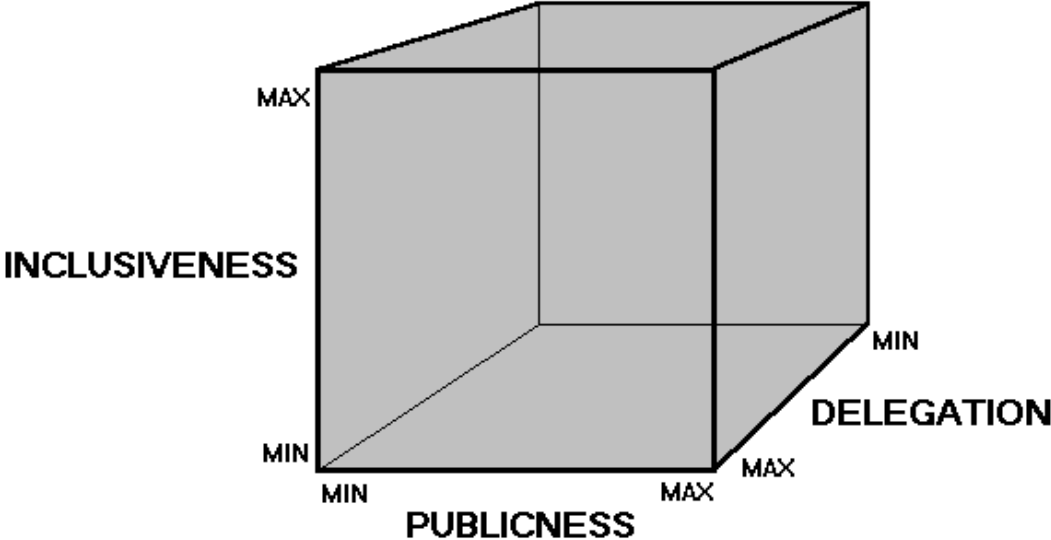
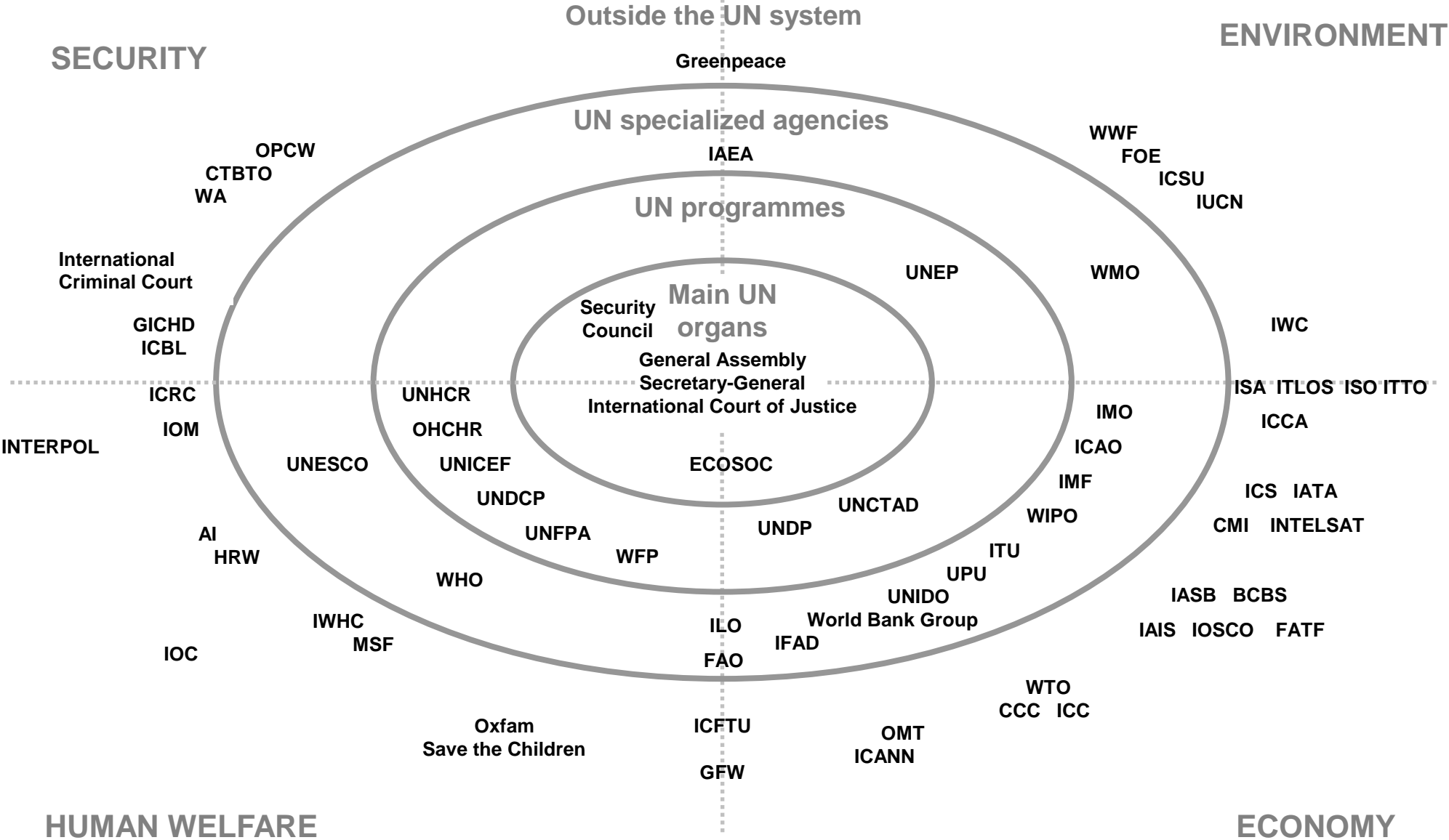


Table 2. Ideal-typical governance arrangements.

<b>Governance type</b>	<b>Publicness</b>	<b>Delegation</b>	<b>Inclusiveness</b>
global intergovernmentalism	max	min	max
global supranationalism	max	max	max
direct hegemony	max	min	min
indirect hegemony	max	max	min
direct global transnationalism	min	min	max
delegated global transnationalism	min	max	max
direct monopoly	min	min	min
indirect monopoly	min	max	min

**Figure 3. The organizational infrastructure of global governance: a UN-centric view**



## Abbreviations

<b>AI</b>	Amnesty International
<b>BCBS</b>	Basel Committee on Banking Supervision
<b>CCC</b>	Customs Cooperation Council
<b>CMI</b>	Comité Maritime International
<b>CTBTO</b>	Comprehensive Nuclear-Test-Ban Treaty Organization (not yet operational)
<b>ECOSOC</b>	UN Economic and Social Council
<b>FAO</b>	Food and Agriculture Organization
<b>FATF</b>	Financial Action Task Force
<b>FOE</b>	Friends of the Earth
<b>GICHD</b>	Geneva International Centre for Humanitarian Demining
<b>GESAMP</b>	Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection
<b>GFW</b>	Global Fund for Women
<b>HRW</b>	Human Rights Watch
<b>IAEA</b>	International Atomic Energy Agency
<b>IAIS</b>	International Association of Insurance Supervisors
<b>IASB</b>	International Accounting Standards Board
<b>IATA</b>	International Association of Transport Airlines
<b>ICANN</b>	Internet Corporation for Assigned Numbers and Names
<b>ICAO</b>	International Civil Aviation Organization
<b>ICBL</b>	International Campaign to Ban Landmines
<b>ICC</b>	International Chamber of Commerce
<b>ICCA</b>	International Council of Chemical Associations
<b>ICFTU</b>	International Confederation of Free Trade Unions
<b>ICRC</b>	International Committee of the Red Cross
<b>ICS</b>	International Chamber of Shipping
<b>ICSU</b>	International Council for Science
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFPMA</b>	International Federation of Pharmaceutical Manufacturers Association
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>IMO</b>	International Maritime Organization
<b>INTELSAT</b>	International Telecommunications Satellites Organization
<b>INTERPOL</b>	International Criminal Police Organization
<b>IOC</b>	International Olympic Committee
<b>IOM</b>	International Organization for Migration
<b>IOSCO</b>	International Organization of Securities Commissions
<b>ISA</b>	International Seabed Authority
<b>ISO</b>	International Organization for Standardization
<b>ITLOS</b>	International Tribunal for the Law of the Sea
<b>ITTO</b>	International Tropical Timber Organization

<b>ITU</b>	International Telecommunications Union
<b>IUCN</b>	World Conservation Union
<b>IWC</b>	International Whaling Commission
<b>IWHC</b>	International Women's Health Coalition
<b>MSF</b>	Médecins Sans Frontières
<b>OMT</b>	World Tourism Organization
<b>OPCW</b>	Organization for the Prohibition of Chemical Weapons
<b>UNCTAD</b>	UN Conference on Trade and Development
<b>UNDCP</b>	UN Drug Control Programme
<b>UNDP</b>	UN Development Programme
<b>UNEP</b>	UN Environment Programme
<b>UNESCO</b>	UN Educational, Scientific and Cultural Organization
<b>UNFPA</b>	UN Population Fund
<b>UNHCR</b>	UN High Commissioner for Refugees
<b>UNICEF</b>	UN Children's Fund
<b>UNIDO</b>	UN Industrial Development Organization
<b>UPU</b>	Universal Postal Union
<b>WA</b>	Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies
<b>WHO</b>	World Health Organization
<b>WIPO</b>	World Intellectual Property Organization
<b>WMO</b>	World Meteorological Organization
<b>WTO</b>	World Trade Organization
<b>WWF</b>	World Wildlife Fund