



The Rise of the Global South: Implications for the Provisioning of Global Public Goods

by Inge Kaul



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ABSTRACT

This paper assesses how the participation of developing countries in global governance has evolved in recent decades and the impact this has had on international cooperation and the provisioning of global public goods. The analysis shows that, as a group, developing countries have become increasingly active participants in global policy-making. Moreover, they have used their influence not only to further their own narrowly defined national interests, but also to shape the global normative framework. They have emphasized concerns such as the fairness and justice of international negotiations, and fostering a better balance between growth and development.

INTRODUCTION

More and more policy challenges are global, such as the mitigation of climate change, communicable disease control, international financial stability, the fight against terrorism and nuclear non-proliferation. Economists categorize these challenges as global public goods—things or conditions that potentially affect many, if not all, countries. Market actors typically neglect their provision, and no country, however powerful, can address them alone. They require global policy responses based on effective international cooperation.

Many challenges are increasingly urgent, pointing to the imperative of fundamentally reorienting current growth and development strategies. There is the ‘closing door’ opportunity of limiting global warming to two degrees Celsius to stabilize the climate. The ‘end of oil’ within the next couple of decades implies developing alternative energy sources to achieve energy security. Other examples comprise land and water scarcity; ever-fiercer competition for market shares, and investment and job opportunities; growing global inequity; and the persisting problems of nuclear proliferation, world hunger and poverty.

These risks must be addressed expeditiously. As the World Economic Forum’s report *Global Risks 2011* warned, the world cannot afford any further major challenge, especially now that global economic resilience has been weakened by the recent international financial crisis.

Yet international cooperation on the selection and provisioning of global public goods continues to be slow, allowing

problems to grow. Could a reason for this lagging progress be that the world is currently moving through profound changes in global power relations, notably a shift towards multipolarity resulting from the growing economic and political strength of the emerging market economies? Is this change impairing international cooperation in support of global public goods?

The present paper will explore these questions, focusing on the role of the global South, particularly its state actors, in global policy-making.¹

Section 1 introduces the notions of public goods and global public goods, and analyses governance risks and demands. Section 2 discusses conditions for international cooperation to work effectively in the presence of global public goods. It identifies five facilitating conditions: open and participatory international decision-making; global governance based on the principle of subsidiarity; issue-specific negotiations; a globally embedded definition of national interest in a global context; and legitimate global policy leadership. With these criteria in mind and based on select empirical evidence, Section 3 then assesses how the

1 The present paper captures only one aspect, albeit an important one, of the role of the global South in international cooperation. A more detailed analysis, which is beyond the scope of this paper, would have to take into account the role that developing country scholars and think tanks like the South Centre or the Group of 24 (G24), national and international civil society, actors of the global North with a special interest in development and global equity, as well as multilateral organizations, especially the United Nations Conference on Trade and Development (UNCTAD), have played in facilitating the changes identified here.

participation of developing countries in global governance has evolved in recent decades, and the impact this has had on international cooperation and the provisioning of global public goods.

The analysis shows that, as a group, developing countries have become increasingly active participants in global policy-making. Moreover, they have used their influence not only to further their own narrowly defined national interests, but also to shape the normative framework. They have emphasized concerns such as enhancing the fairness and justice of international negotiations, and fostering a better balance between growth and development as well as public and private interests. An example is their engagement in furthering policy coherence between protecting intellectual property rights and meeting public health goals.

International cooperation now is more open and participatory, and thus more in line with conditions identified in this paper as favourable to effective global public goods provision. Nevertheless, progress is far from satisfactory, because the identified conditions have, so far, been only partially met. Countries of the global South have moved forward at different speeds, with only some of them, mainly the more advanced emerging market countries, able to join the group of major global policy-shapers. Many other countries are still global ‘policy takers’. Among the main factors holding back fuller participation appear to be capacity constraints and, no doubt often justified, sovereignty concerns. Also, developing countries have so far pursued a strategy of integration that accepts the existing system as a given fact.

Yet signs are multiplying that this phase may soon be coming to an end. They also suggest that international cooperation could become ever more difficult at a time when it is most urgently needed. The countries of the global North have responded to the increasing power of the global South as a global policy-shaper with growing sovereignty concerns of their own. They have followed a strategy of venue shifting, taking issues of importance to them into forums like the Bretton Woods institutions, in which decision-making is still weighted in their favour, or by setting up informal, smaller negotiation venues where they can define the agenda as well as the circle of participants. An early expression of this strategy was the creation of the Group of 7 (G7) major industrialized countries in the 1970s.² Another strategy has been growing reliance on bilateralism. Together with increasing South-South cooperation and regionalism, these trends have led to a

world of multilateralism that, in the words of Haass (2010), is more fluid, less predictable, and consequently, “messy.”

Is this messiness, as Haass argues, desirable? This paper suggests it is not. Due to a lack of transparency, predictability, and consequently, trust and legitimacy, the current messiness might encourage rivalry among states and zero-sum thinking. Fair, rule-based and accountable international cooperation would be the better strategy—for all.

The time appears to be ripe for the North and the South to enter into negotiations on redesigning global governance to resolve today’s sovereignty paradox: states losing national policy-making sovereignty, because they are holding on to a conventional notion of ‘absolute’ sovereignty, and therefore giving preference to unilateralism, sometimes even protectionism. The better strategy would be for all to realize their national public policy interests in establishing fair and effective international cooperation.

The world today lacks two critically important global public goods that could function as international coordination mechanisms of individual activity, state and non-state: a well-functioning system of multilateral cooperation and well-regulated international markets. That these two goods are underprovided may in part explain policy stalemates around so many global challenges.

Clearly, well-regulated markets depend on a well-functioning system of global multilateral governance. States, first, need to agree on ‘taming’ their temptation to free-ride in the presence of global public goods before they muster the requisite willingness to cooperate to ‘tame’ global markets. After all, markets as institutions also have public good properties. They, too, are in the public domain and could potentially affect all, for better or worse. If they are of worldwide scope, they constitute global public goods.

In sum, the main implication of the confluence of the rise of the global South and the growing importance of global public goods is that the international community needs to again address world order as the most fundamental global public good issue. States last dealt with this in the United Nations Charter, when the key issue was the inviolability of national territorial and policy-making borders. With economic borders once again more open, the key issue is how to combine national policy-making sovereignty with economic openness.

The policy option suggested here, as a conjecture for further study and debate, is for states to renew their commitment to national sovereignty by agreeing that the future world order ought to rest on two closely related principles: first, the principle of responsible sovereignty—defined as policy-making sovereignty that takes the outside world into

2 The G7 became the Group of 8 (G8) when the Russian Federation joined after the end of the Cold War. See www.g8.utoronto.ca/.

account; and second, the principle of global justice, defined as fairness in international negotiations that draws, among other things, from national-level fairness; that is, national policies that allow all to benefit from, and, in their own interest, support international cooperation.

To see more clearly why a world order based on these two principles would be required to achieve more adequate provisioning of global public goods, and more balanced and sustainable growth and development, it is useful first to take a closer look at public goods.

1. INTRODUCING PUBLIC GOODS

Global policy issues are nothing new. Unhindered access to the high seas was the subject of the ‘mare liberum’ agreement of 1609. But today, global issues are of growing importance. Given that the world is emerging from several centuries of struggles to establish national territories, and forge consensus on such principles as national policy-making sovereignty and non-interference by outside forces into the domestic affairs of states, the transnational character of global issues poses the question of how well these fit into existing governance systems, national and international.

The analytical lens of public goods helps to understand the governance challenges that these issues present. Many constitute global public goods, confronting policy makers with the challenges of providing public goods in the national context, along with additional governance risks and requirements. Importantly, they entail deepening policy interdependence among countries, requiring states to engage in international cooperation to ensure the availability of goods like financial stability or good public health conditions within their jurisdictions.

A major reason for this lies in the dual ‘publicness’ of goods—in consumption (availability in the public domain) and provision (their availability in any one country requires concerted efforts on the part of many, if not all, countries).³

DEFINING CHARACTERISTICS

Standard economic theory distinguishes between two main categories of goods: private and public.⁴

Goods that can be parcelled out and made excludable, so that clear property rights can be attached to them, are categorized as private goods.

Public goods, by contrast, are non-excludable, meaning that their benefits or costs are there for all. If a good is non-excludable and non-rival in consumption, so that one person’s use of the good or being affected by it does not diminish its availability to others, the good is said to be pure public. Examples are the light of a candle, the service provided by a street sign, or peace and security. If a good possesses only one of these properties it is impure public. The atmosphere, for example, is non-excludable but rival in consumption, because unrestricted pollution can change its gas composition and contribute to global warming. Patented pharmaceutical knowledge illustrates a non-rival good whose use has, at least for a limited period of time, been made excludable: It requires the explicit permission of, and often, royalty payments to, the inventor. So patented knowledge, too, falls into the category of impure public goods.

The public effects of a good can have local, national, regional or worldwide reach, and they can span one or several generations. If a good has benefits or costs that touch all countries, or could potentially affect anyone anywhere, it is a global public good. Alongside regional public goods, global public goods constitute the category of transnational public goods.⁵

A CLOSER LOOK AT PUBLICNESS

The following elements are useful in understanding the policy challenges of global public goods and constraints in provision.

Publicness and privateness as a policy choice: The standard economics definition of public goods fails to distinguish between a good’s potential and de facto publicness. Yet this distinction is increasingly important. Due to a number of changes, including technological advances, strengthened policy design skills, increased porosity between markets and states, and greater political and social freedoms, publicness and privateness are in most cases not innate properties of a good but social constructs, a policy choice. For example, land can be freely accessible to all or fenced in and made excludable. Similarly, certain facts can be kept secret or publicized.

Goods that are de facto public, or actually in the public domain, may be there for three main reasons. First, making

3 The discussion in this section draws on Kaul and Mendoza 2003. See also Barrett 2007, International Task Force on Global Public Goods 2006, Kaul et al. 1999 and Sandler 2004.

4 The term ‘good’ is used here for reasons of brevity to refer to things, products, services and conditions. It does not have a value connotation of ‘good’ as opposed to ‘bad’.

5 The term ‘global’, when used in reference to consumption properties, that is, the benefits or costs of a public good, means transboundary, border-transgressing or worldwide. When the term is used later in this chapter in reference to the goods provision path, it indicates that action has to be taken by actors worldwide, and, as the case may be, nationally and internationally.

them excludable may be technically impossible or too expensive. Second, they may have been deliberately placed into the public domain and made non-excludable and non-rival, as in the case of street signs. Third, goods may be public by default, due to policy neglect (which often allows air pollution to continue, for instance) or through lack of information (which has, for example, led to harmful substances being consumed before their ill-effects were recognized).

Globalness as a special form of publicness: Globalness, or the fact that the benefits and costs of some goods have nearly universal coverage, can be viewed as a special form of publicness and as a policy choice. Certainly, some global public goods such as the moonlight have always had the property of global publicness. They are by nature global and public. Other public goods, however, have changed their properties from, for example, being national (including local) public goods to being global public goods. The reason is that globalization and global public goods are intrinsically linked. In fact, global public goods are both drivers and consequences of globalization.⁶

An example of a global public good that facilitates the globalization process is the universal postal system. It has emerged through a harmonization of national postal systems, illustrating the intended globalization of a formerly national public good. Another case is the multilateral trade regime, which requires cross-border policy harmonization in a large number of policy domains. Today, more and more public goods formerly provided in more country-specific ways have undergone a globalization process and been turned into global public goods, sometimes only after years of protracted multilateral negotiations.

Yet alongside intended globalization processes, like the creation of more integrated markets, has come unintended globalization, and with it, a further globalization of formerly national public goods. For example, more intense and frequent shipping and travel activity has facilitated the spread of communicable diseases. Financial market integration has allowed the contagion effects of financial crises to spread more speedily and widely.

Increased openness of national borders has led to increasingly intertwined national public domains and deepening interdependence among countries. As a result, in any country today, the availability of more and more public goods, specifically global public goods, depends on policy actions taken or not in other countries.

6 Much of what is being discussed here about the globalization of formerly national public goods would also apply to processes of regionalization. In fact, some formerly national public goods may simultaneously undergo both regionalization and globalization.

Publicness in utility as distinct from publicness in consumption: Just as preferences for private goods (e.g., houses, books or clothing) vary, so do preferences for public goods, especially those for global public goods. This is because many socio-economic and political differences are wider between countries than within countries. Thus, publicness in consumption differs from publicness in utility. An African woman who faces a high risk of maternal mortality is more likely to prefer an enhanced publicness of relevant medical and pharmaceutical knowledge than, say, international financial stability or even investment in mitigating climate change, as even her children might not live long enough to face the full consequences of the latter.

How and to what extent a public good, notably a global public good, affects the welfare and well-being of different population groups depends not only on the overall provision level, but also on how it is shaped. For example, all countries face the same multilateral trade regime. But different groups of countries and even different groups of people within countries may, in distinct ways, gain or lose from this regime as a result of how particular norms have been defined. Similarly, while many agree on the desirability of international peace and security, views on how to generate this global public good may vary widely, as the debates in the United Nations Security Council have repeatedly shown, including, most recently, its resolutions on Syria.⁷

RISKS OF UNDER-PROVISION

The provision of public goods, including global public goods, typically consists of two closely interconnected processes: a political one of determining which goods to provide, how much of each, in which ways, and at what costs and benefits to whom; and an operational one aimed at actual production. The political process may encounter incentive problems such as free-riding or lack of fairness, whereas the operational process may confront challenges from the foreign/domestic divide that has been a key characteristic of the Westphalian nation-state world order.

Dual economic and political actor failure: As alluded to earlier, public goods face risks of under-provision due to being in the public domain. This fact might prompt individual actors to attempt to free-ride, letting others step forward to provide the good, and then, when it is available, enjoying it without having had to contribute.

Within nations, the state often steps in and helps resolve problems of collective action or market failure. There is no full equivalent to the state at the international level, however. Only a few international organizations, among them the United Nations

7 See www.un.org/Docs/sc/unsct/unsct_news.shtml/.

Security Council and the World Trade Organization (WTO), have been endowed with limited coercive powers.⁸ For the most part, international cooperation among states has to happen voluntarily. In many cases of international policy-making, states still tend to pursue national, particular (and hence, quasi-private) interests that may not necessarily align with global exigencies and goals. Moreover, during negotiations, states bargain over the exchange of policy commitments. Accordingly, international venues can be likened to markets—political markets.⁹

As a result, compared to national public goods, global public goods may face a higher risk of free-riding, and may cause economic market failure as well as state or political market failure.¹⁰ Problems of such dual market failure could especially occur where adequate provision depends on the changed behaviour of a large number of actors, because many actors might feel that their contribution to the problem or any proposed corrective action is insignificant. Global challenges that impose costs for corrective action on current generations for the benefit of future generations are also prone to free-riding and under-provision. Mitigation of climate change is a challenge that faces both these risks.¹¹

Institutional frictions: As shown in Figure 1, many and perhaps even most global public goods emerge from a summation process that brings together required national inputs, notably national public goods provided in a harmonized and concerted manner, complemented by international inputs. The latter could include international agreements that provide common policy frameworks for the decentralized provision of national contributions, including the management of cross-border

spillovers,¹² or the creation of an international good such as an international organization to serve as a negotiating venue.¹³

Because many global public goods emerge from a summation process of primarily national inputs, more and more policy makers, even those in the most powerful countries, are beginning to recognize that in many cases no country alone can tackle global challenges. Meeting these requires effective international cooperation that is fair and mutually beneficial; it must make sense to all and offer incentives to cooperate.

Global public goods thus entail not only consumption interdependence but also provision interdependence. This implies that when making national policy decisions, states have to account not only for the policy preferences of their national constituencies, but also for the outside world, e.g., the preferences of other countries, the global normative framework or exigencies like global warming. They have to do so in their own national self-interest, recognizing that this broader perspective ensures that the good is available for their constituencies.

2. FACILITATING EFFECTIVE INTERNATIONAL COOPERATION IN SUPPORT OF GLOBAL PUBLIC GOODS

Given the previous analysis and considering the phenomenon of global power shifts, a more adequate provision of global public goods necessitates a five-pronged set of global governance reforms aimed at:

1. A better matching of the circles of stakeholders and decision makers, so that all can have an effective voice in global matters that concern them;
2. Following the principle of subsidiarity to avoid the risk of over-centralization and inefficiency in international negotiations caused by an overcrowding of international agendas;
- 12 Spillover effects or externalities are the public effects that arise from the activities of an individual actor, but are not taken into account in the actor's production or consumption decisions. CO2 emissions from logging or driving are examples.
- 13 Three main types of provision paths can be distinguished. Besides the above-mentioned summation process, they also include a weak-link process and a best-shot approach. In the summation process, the overall availability of the global public good depends on each actor's contribution. In a weak-link process, it is the contribution of the weakest element of the supply chain that determines the good's overall availability. Building dykes is an example of a weak-link effort. A best-shot approach results when one actor, an individual, firm or any other entity, produces the good. An example is an invention like the wheel. Once invented and left in the public domain, it need not be reinvented.

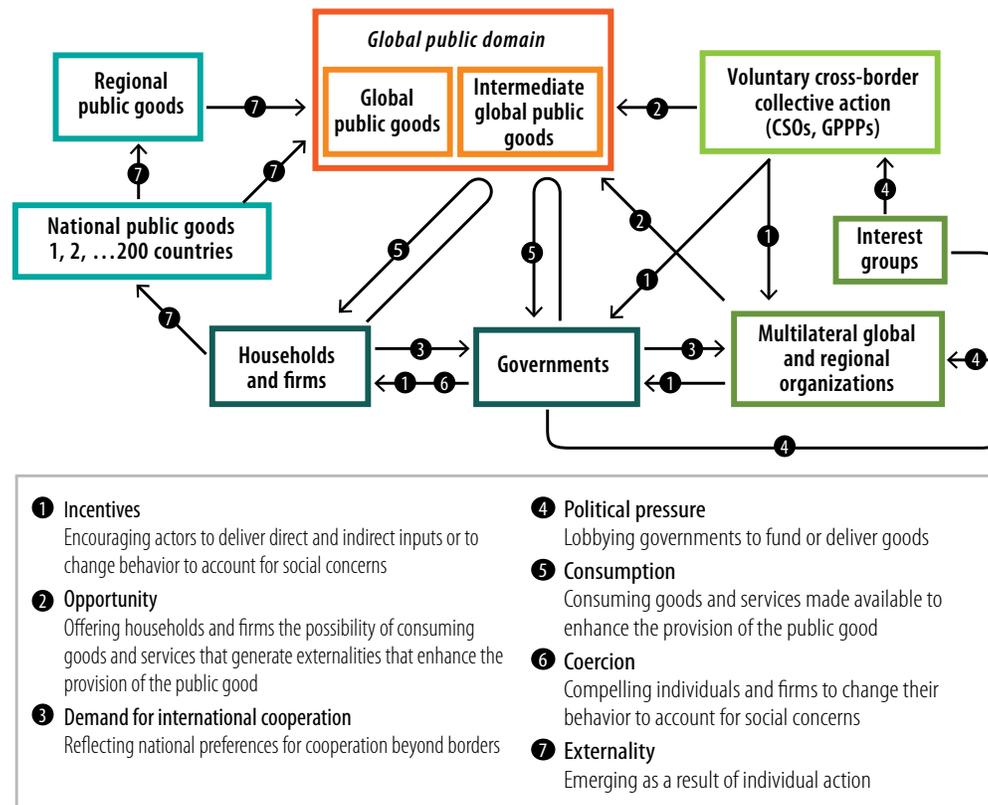
8 In the case of the United Nations, for example, very few decisions are of a binding nature, namely those taken by the United Nations Security Council under Chapter VII of the United Nations Charter (Malone 2007). Another exception to the generally non-binding nature of international agreements is the Dispute Settlement System of the WTO.

9 On the concept of political markets, see also Furubotn and Richter 2003, p. 420ff.

10 The type of state failure referred to here is not to be confounded with the government failure on which public choice scholars tend to focus, and which is due to the self-interested behaviour of individual politicians and bureaucrats (see Mueller 2003). The state failure identified here has a systemic nature. Its roots are in the present world order, which is still very much centred on principles of national policy-making sovereignty.

11 To illustrate, carbon emissions are diffuse externalities. Once emitted into the atmosphere, they cannot be traced back to the emitter, although, of course, it is possible in other ways to assess the carbon footprint of countries. Diffuse externalities also tend to be substitutable, so that a corrective action by one party could be offset by inaction on the part of others, a fact that makes it so important for all countries to move in tandem. Worldwide concerted action by all countries and all people in all countries is difficult to achieve. Yet without a large number of people strongly motivated to contribute, a high level of under-provision could result.

Figure 1: Provision of global public goods



3. Building bridges across the existing organizational lines in order to facilitate the multi-level, multisector and, of course, multi-actor production that many global public goods require;
4. Taking into account the outside world, i.e., the expectations of other countries, global norms and environmental exigencies, when formulating national policy; and
5. Encouraging legitimate global leadership to assist the international community, as and if necessary, in avoiding policy traps that could lead to serious global crises.

In more detail, the reasons for these reforms are as follows:

1. *Matching the circles of stakeholders and decision makers:* Given that we live in a world of individual sovereign nation states, country conditions and national preferences for global public goods may vary widely. While all may be affected by them, it appears to be important, for reasons of input legitimacy as well as policy ownership and commitment, to ensure that the circles of stakeholders and decision makers are well matched. Put differently, decision-making on

goods that are public in consumption would perhaps best be organized as an open and participatory process so that all could have an effective say in matters that concern them.

Democracy should not end at national borders but be extended to the international level through fair and just processes.¹⁴ Genuine participation may help promote fairness as well as efficiency, because it creates room for an exchange and competition of ideas that may lead to better fitting, and more effective and sustainable policy outcomes.¹⁵

To the extent that democracy spreads and deepens at the national level, democracy at the international level may have to follow suit. Otherwise, policy makers perceived by national constituencies as mere global policy takers could lose legitimacy and authority at home, which could weaken their ability to translate international agreements into national policy.

Where all concerned main actor groups are represented, they can keep a watchful eye on each other, and should any

14 On the issue of process fairness, see, among others, Albin 2003.

15 This lesson has, among other things, been learned from the experience with foreign aid conditionality. For more on this point, see, for example, the contributions to Easterly 2008.

attempt to free-ride or otherwise distort provision, the others can intervene and potentially help avert the risk of under-provision or mal-provision.¹⁶

2. *Following the subsidiarity principle:* While a global policy response is important for global issues, policy responses requiring a globally standardized form need to be carefully differentiated from those where countries can have more national policy space to make choices that best suit national circumstances. To illustrate, in order to reduce the emission of greenhouse gases, some countries may prefer to create carbon markets; others might introduce a carbon tax; and yet others might opt for a mixture of both plus fiscal incentives to encourage investments in the development of low-carbon technologies.

As the theories of subsidiarity predict, getting the allocation of policy-making authority right—that is, leaving policy matters at the level at which they can best be handled—will foster efficiency and equity. It helps avoid risks of over-centralizing decision-making that could lead to overly standardized policy approaches and instruments, and of missing opportunities that centralization could afford, such as the benefits from economies of scale or scope. As Begg et al. (1993) underline, policy-making should, preferably, be exercised by lower-level jurisdictions—i.e., regional, national or local—unless convincing reasons for higher-level jurisdictions can be mustered.¹⁷

Following a principle of subsidiarity would also be important to avoid an overcrowding of international agendas, a risk that is rising because of the increase in the number of state actors, and the growing but still inadequate trend towards more open and participatory international decision-making. Keeping the principle of subsidiarity in mind could, under these conditions, be important to successfully combining the representativeness and effectiveness of international decision-making.

3. *Issue-focused policy-making:* To help parties recognize and assess their interests, and undertake cost-benefit analyses to see whether engaging in international cooperation would pay in terms of meeting national interests, complex goals like

those of climate or financial stability should be disaggregated into their sub-components. Such a disaggregation will show that different global public goods not only follow quite different provision paths, but that, in turn, the same often holds for their sub-components.

To see more clearly the incentives of other participating actors and the possibilities to tip incentives towards cooperation, it could be useful to proceed in manageable steps and foster incremental progress through issue-by-issue negotiation and management.

A more issue-focused approach would also help to address global challenges at the operational level in a more integrated way. This would foster the requisite coordination and cooperation among all potential contributors, across all possible dividing lines—levels, sectors and actor groups.

4. *A globally embedded definition of national interest:* The conventional foreign affairs strategies of countries are, for the most part, concerned with purely national interests. When seen from a global perspective, these interests are of a particular, quasi-private nature. Strategies of this orientation are appropriate for issues with the properties of a private good, for example, where a country's interest lies in acquiring and securing a particular territory or access for national producers to particular markets.

In other cases, the pursuit of purely national interests can be counterproductive, even from the national viewpoint. Such a situation could arise if countries were to race and out-compete each other for the last oil resources, venturing, to this end, into ever-riskier and more costly exploration and exploitation. This could lead the world into a global "prisoner's dilemma".¹⁸

In such cases, a better strategy would be to recognize existing global constraints and explore possible global public good alternatives, notably innovations aimed at producing non-rival goods such as clean energy technologies, as well as matching policies and mechanisms to advance their dissemination, adaptation and adoption. Such win-win or positive-sum strategies could be less expensive and more effective for all, as well as more equitable than any self-centred, competitive strategy based on zero-sum thinking.

Some analysts (e.g., Rodrik 2011) argue that the international community today has to choose between maintaining and enjoying the benefits of openness and cooperating in support of global public goods, and reverting to more closed national borders and idiosyncratic behaviour. This may be

16 Whereas under-provision refers to the provision level of a good, 'mal-provision' indicates how a good is shaped, notably whether it fits the policy context into which it is being placed, in terms, for example, of existing expectations of fairness and mutuality of benefit. Many might consider the provision status or level of the multilateral trade regime as relatively high, for instance. However, they may see major shortcomings in how well certain trade rules support developmental goals and concerns of global equity.

17 On subsidiarity, see also Sandler 2004, especially the discussion on supporting and detracting influences (pp. 87-90).

18 As recent studies on energy security suggest, states have already embarked on such a competitive path, no doubt in part due to the absence of an effective, fair and efficient global regime of energy governance. See, for example, Dubash and Florini 2011.

possible for some aspects of economic openness, especially policy issues that do not send any adverse spillover effects into the global public domain. But many issues do generate spillovers that adversely affect other nations and possibly even future generations. These issues require exercising national sovereignty in a way that takes the outside world into account.

5. *Legitimate global policy leadership*: Open and participatory international decision-making could be one way of ensuring that respective ‘other’ actor groups intervene when they witness free-riding or other signs of unwillingness to cooperate. In addition, it would be desirable for global state and non-state leaders, individually or collectively, to exercise leadership over global policy stalemates that result in problems with serious crisis proportions.

To achieve effective policy breakthroughs, such leadership would need to enjoy global public support and legitimacy. During the past eras of bipolarity and unipolarity, global leadership was mostly exercised in a top-down way, reflecting a clear global divide between policy-making and policy-taking countries. International cooperation was driven mainly by power politics. As a result, it suffered from problems like renegeing, shallow compliance or loose interpretation of international agreements (see, for example, Howse and Teitel 2010, Raustiala and Slaughter 2006). Agreed—or more appropriately, rolled-out—policy decisions did not fully account for often wide disparities in country preferences and priorities. Both fairness of process and outcome were lacking.

As international relations scholars have emphasized for many years (see Hardin 1982, Axelrod 1984), clear and significant net benefits are important for international cooperation to work, because it has to happen voluntarily. It needs to produce incentives for all actors to support and act on what was jointly decided.¹⁹

To what extent are these conditions of effective international cooperation being met at present? And how has global policy-making been affected by the rise of the global South?

3. THE RISE OF THE SOUTH IN GLOBAL GOVERNANCE

Before examining how the global policy-making role of the South has evolved over the past several decades, one should ask why southern countries, especially the least developed, should care about global public goods.

The answer suggested below is that, in the age of globalization, global public goods provide the international policy framework within which national development happens. This realization is possibly the main driving force behind expanding the involvement of developing countries in international cooperation. It has incrementally but steadily changed the pattern of cooperation in line with conditions of effectiveness sketched in the preceding section. The strengthened presence of developing countries has translated into actual policy changes, specifically in greater attention to global fairness and justice, and to swifter, more stable globalization.

SHOULD COUNTRIES OF THE GLOBAL SOUTH BOTHER ABOUT GLOBAL PUBLIC GOODS?

Studies on climate change have shown that many developing countries could be severely affected by global warming.²⁰ Similarly, studies on the costs of the 2008 international financial crisis and ensuing Euro crisis indicate that even developing countries not deeply involved in international financial markets have felt negative effects due, for example, to flagging economic growth and added fiscal constraints in industrialized countries.²¹ In the case of international terrorism, as security measures tighten in industrialized countries, some terrorists groups relocate to developing nations.²²

In a world of relatively open economic borders, ill-effects of under-provided global public goods can adversely affect the welfare of nations. All concerned countries have an interest in seeing prompt corrective action—even if they are not, at least for the time being, among the parties that need to actually take action. Successful national development depends on this recognition, along with the fairness and justice of international regimes. Foreign aid is another ingredient of national development, but without fairness and justice, its effectiveness could be undermined. Aid might then be but a meager compensation for costs inflicted by the deficit of fairness.

19 As Conceição and Mendoza 2006 show, the costs of inaction are sometimes higher than those of corrective action. See also Nkonya et al. 2011 and Stern 2007. However, more than cost-benefit calculations is needed to bring about actual policy change. The current growing interest in ‘green growth’ seems to respond to both push factors, like the risks of climate change and ‘the end of oil’, and pull factors, like new investment and business opportunities.

20 See UNDP 2007/2008, 2011.

21 See Griffith-Jones, Ocampo and Stiglitz 2010, especially Part III, which presents developing country perspectives; and ODI 2010.

22 See Sandler 2004, notably Chapter 8 on international terrorism.

Table 1: Comparing global public good provisioning and development cooperation

Dimension	Global public good provisioning	Development cooperation
Rationale	Self-interest/efficiency	Concern about others, e.g. equity
Focus of the intervention	Global issue	Poor country/people
Character of the interaction	Exchange of policy-reform, pooling of resources	Transfer
Main intended beneficiary	Self or also others, perhaps even all	Poor country/people
Effectiveness	Development effectiveness	Adequate provisioning of global public goods

Global public goods provision, including its financing, is distinct from the provision of foreign aid, although synergies exist between the two. The former is undertaken by developed and developing countries out of self-interest, for reasons of efficiency. The latter is provided by richer countries out of concerns for global equity or moral imperatives. As Table 1 indicates, they constitute two different strands of international cooperation. Confounding them may have negative consequences for both. For example, development could, as a result, be underfunded. Or the provision of a global public good like climate change mitigation could be undertaken in countries that are not the best providers or through instruments that are not the most appropriate. Developing countries have taken an important and correct position by emphasizing the importance of new and additional resources as soon as global public goods began to move to the top of international policy agendas.

TRACING THE IMPACT OF INVOLVEMENT IN INTERNATIONAL NEGOTIATIONS

Developing countries' ever-more active engagement in international cooperation includes areas such as multilateral trade, which they previously viewed, as Bhagwati (1997) argues, with considerable scepticism. As a result, progress has happened with all five conditions identified above as facilitating the provision of global public goods.

1. *Open and participatory decision-making*: The multilateralism of the post-1945 era was, of course, not very multilateral. Many of today's nations achieved independence only during the following decades.²³ Yet, as more and more countries

gained sovereignty, their presence in multilateral organizations was strengthened due to the fact that decision-making in most of these is based on the formula of 'one country, one vote'. Multilateral bodies with weighted decision-making have also existed from the beginning, including the United Nations Security Council, the International Monetary Fund (IMF) and the World Bank.²⁴

While at first glance the 'one country, one vote' formula suggests a level playing field, even today many developing countries find it hard to follow and participate in international activities because their human and institutional capacities are still constrained. As Chasek and Rajamani (2003) document, these constraints have increasingly made themselves felt as global challenges have grown and required international negotiations, leading to a rise in the number of international meetings.

Forming interest groups has been one way in which developing countries have tried to cope with the ever-heavier negotiation load, as well as to strengthen their presence. The Non-Aligned Movement was established in 1961 and the Group of 77 (G77) developing countries in 1964 (Ahmia 2009, Willetts 1978). Today, developing country interest groups exist in most major issue areas. They bring together states with particular interest in specific topics such as agriculture; or states from a particular region or sub-region of the world; or that occupy a similar step on the development ladder, for example, those with emerging market economies (Deere-Birbeck and Harbourd 2011, Yu 2008). In the 1970s and early 1980s, as developing countries increasingly became a force to reckon with, the industrialized countries began to create new, often informal forums to discuss priority concerns. The creation of the G7, later renamed the Group of Eight (G8), is a case in point.²⁵

Initially, developing countries were invited to G8 summit meetings only for topics that concerned development.²⁶ However, when the 2008 financial crisis broke, matters changed. In 2009, when the Group of 20 major economies (G20) met for the first time at the level of heads of state or government, several emerging market economies were invited

23 The founding members of the United Nations numbered 51 in 1945. About one-third belong to the group of countries today referred to as 'industrial' or 'developed'. See www.un.org/depts/dhl/unms/founders.shtml.

24 For an analysis of the decision-making patterns of these multilateral entities, see, respectively, Malone 2007, Luck 2007 and Woods 2007.

25 For more information on the G7 and G8, see Footnote 2.

26 This process of inviting developing countries for particular parts of the G8 summit meetings is also known as the 'Heiligendamm Process', named after the seaside resort of Heiligendamm, Germany, where the 2007 G8 summit was held. For an assessment, see Cooper and Antkiewicz 2008.

to join as permanent members.²⁷ These countries had by then become deeply involved in international financial markets. Some, notably China, were holding huge foreign exchange reserves. Industrialized countries could no longer ignore these new powers. The G20, being an informal entity, might have been seen as the most appropriate body for testing the step of making more room available for developing countries at the highest policy-making tables. In the Bretton Woods institutions, granting emerging market economies a strengthened voice has so far been a protracted and hesitant process. The same holds for the reform of the United Nations Security Council.²⁸

Developing countries have formed a rapidly growing number of their own international platforms,²⁹ including summits for the BRICS (Brazil, Russian Federation, India, China and South Africa) and IBSA (India, Brazil, South Africa).³⁰ Many regional or interregional meetings of developing countries are attended by northern countries because they discuss not only purely southern but also North-South and global concerns. As a result, global policy-making is becoming an increasingly multipolar process.

2. *Following the subsidiarity principle:* Although development has had various shortcomings and weaknesses, it has, nevertheless, happened. To differing degrees, developing countries have built institutional and human capacities. Consequently,

more and more policy issues that were previously dealt with at the global level can progressively be resolved nationally and regionally (Shaw, Grant and Cornelissen 2012). For example, as developing countries have expanded capacities for communicable disease control, the need for international technical assistance in this area has declined.

Growth in regionalism has created institutional platforms that allow developing countries to increasingly apply the principle of subsidiarity, that is, to become more selective about which issues to handle nationally or regionally, and which to take to interregional or global venues. Regional cooperation initiatives cover not only a wide range of purely regional issues, but also serve as preparatory meetings for global conferences. In these, countries of a region try to reach common positions on key global challenges such as WTO matters, climate change and health issues. Monetary and financial issues, too, increasingly figure on regional agendas (McKay, Volz and Wölfinger 2011; Volz 2011). As a result, international cooperation is becoming not only a more decentralized process but also a more bottom-up, circular, loop-like process.³¹

Regionalism is still a policy-making branch ‘in the making’. More experience has to be gathered and evaluated; there will, no doubt, be room for applying the principle of subsidiarity more systematically. However, even today, it seems that fruitful competition and complementarity could be emerging across national, regional and global policy-making. Today’s global multilateral organizations, including those of the United Nations system and the Bretton Woods institutions, could in future just be the apex entities of a multi-level global governance system that allows countries, developing and developed, to regain or maintain more national and regional policy space.

3. *Issue-specific policy-making:* The proliferation of developing country groupings during the past several decades signals a quantitative strengthening of their participation in international policy dialogues as well as a more strategic, issue-specific use of their presence.

Consider, for example, multilateral trade. Some of the groups that participate in international negotiations on this issue reflect regional concerns; others are coalitions of countries based on common characteristics such as being landlocked; yet others are issue focused. Whereas the G20

27 According to the G20 official website, the G20 leaders group is the premier forum for international cooperation on the most important aspects of the international economic and financial agenda. Its emerging economy members are: Argentina, Brazil, China, India, Indonesia, Saudi Arabia and South Africa. These countries were previously also members of ‘Finance G20’, which had, since 1999, met at the level of finance ministers and central bank governors. In 2009, this group was upgraded to the G20 leaders group. See Gnath and Schmucker 2011. For more information on the G20, see the official website at www.g20.org/ and the G20 Monitor site www.g20.utoronto.ca/.

28 On IMF quota and governance reform, see www.imf.org/external/np/sec/pr/2012/pr1287.htm/. On the reform of the United Nations Security Council, see, among others, Brazil’s position of 22 April 2012, available at www.un.int/brazil/brasil/brazil-scnu-reform.htm/. See also Woods 2010, and, for a perspective from Africa, Serrão 2011.

29 For information on regional intergovernmental organizations of developing countries, see www2.lse.ac.uk/library/collections/govtpub/igos/IGO_web_regional.aspx/.

30 BRICS is a forum of leading emerging economies. According to the Delhi Declaration issued at the Fourth BRICS Summit in 2012, BRICS “is a platform for dialogue and cooperation amongst countries that represent 43% of the world’s population, for the promotion of peace, security and development in a multipolar, inter-dependent and increasingly complex, globalizing world.” The declaration is available at www.brics.utoronto.ca/. According to IBSA’s official website, the group’s aim is “to contribute to the construction of a new international architecture, to bring their (the members’) voice together on global issues and to deepen ties in various areas.” IBSA members intend to address common national concerns as well as to open themselves to cooperation and partnership with less developed countries. See www.ibsa-trilateral.org/.

31 There are potential pitfalls of regionalism. As McKay, Volz and Wölfinger 2011 stress, regionalism in finance could lead to ‘conditionality shopping’, and thus undermine rather than contribute to international financial stability.

within the WTO context³² is primarily concerned with agriculture negotiations, including the elimination of export and domestic subsidies, and increased access to developed country markets, the Group of 33 primarily promotes special products and safeguard mechanisms aimed at combining trade liberalization with development, and factoring in food security and small-scale farmer concerns. Non-agricultural Market Access (NAMA) 11 focuses on issues including industrial tariffs.³³ Other active developing country groups include those that bring together the least developed countries (LDCs), the small and vulnerable economies, and the African, Caribbean and Pacific countries, and the African Group (Ismail 2007).

On global climate change, developing countries are still forming coalitions. The G77 is still a major negotiating group. Other active coalitions include: the Alliance of Small Island States (AOSIS), the Association of Southeast Asian Nations (ASEAN), the BASIC group (Brazil, South Africa, India and China),³⁴ the LDC group, the Organization of the Oil Exporting Countries (OPEC) and the Rio Group (see Chasek and Rajamani 2003).³⁵

4. *A globally embedded definition of national interest:* As Ismail (2007) notes, developing countries have expanded their concerns in the area of trade over time. In earlier years, they often adopted a ‘welfarist’ approach by focusing mainly on their own interests and well-being, but they have begun to transcend these concerns. The group as a whole has become concerned with “advancing the objective of a fair, balanced and development-oriented multilateral trading system for all, both developed and developing country members of the WTO” (ibid., p. 2). Gnath and Schmucker (2011), who assess the role of developing countries within the G20 leaders meetings, arrive at a similar conclusion.

In their interventions in various issue forums, developing countries have consistently emphasized the core principles that in their view ought to shape international cooperation

and allow globalization to become an inclusive, positive force (Heine 2010). These encompass inclusiveness, representativeness, multilateralism, transparency and legitimacy. They were reemphasized in the recent Delhi Declaration and Action Plan.³⁶ No doubt, intentions of South-South solidarity and support at times clash with national interests, however, so that smaller, more vulnerable economies cannot take for granted that the more advanced developing countries will help promote their particular interests (Deere-Birbeck 2011).

The Delhi Declaration and Action Plan illustrate how fundamental issues of global growth, development and governance are being addressed in gatherings such as the BRICS summits. In his statement to the 2012 BRICS summit, the Prime Minister of India, Manmohan Singh, commented on the need for the international community to rethink the notion of development. In his words, “the conceptual analysis that produced the positive BRICS narrative was based on a model of catch-up growth in which supply side constraints were not adequately addressed.” Today, he continued, it is “clear that constraints such as the availability of energy and food for countries that account for more than 40% of the world population can impede the entire story. Water is another critical area of scarcity which needs greater attention than it has received thus far.”³⁷

The Joint Statement issued at the conclusion of the eighth BASIC ministerial meeting on climate change took a comprehensive, global perspective. It stresses, among other things, that the ministers “reiterated the importance of achieving a comprehensive, balanced and ambitious result in Durban in the context of sustainable development and in accordance with the provisions and principles of the Convention, in particular the principles of equity and common but differentiated responsibilities and respective capabilities, and the Bali Road Map.”³⁸

In taking on a wider, more global perspective, groups like BRICS or BASIC encounter a challenge that has also confronted the G77—it is difficult in a diverse world to arrive at a common position. For example, the island developing countries would have liked the members of the BASIC group to support deeper emissions cuts in Durban.³⁹ However, this experience is precisely what has motivated developing countries to aim at combining, as far as possible, sovereignty and

32 This G20 should not be confounded with the G20 meetings of finance ministers or leaders. For the latter, see Footnote 29.

33 A recent study (Jones and Deere-Birbeck 2011), based on interviews with some 80 trade negotiators from 30 small states, showed that proper preparations and coalition-building can leverage their limited bargaining power. See also Deere-Birbeck and Harbour 2011.

34 The BASIC group sometimes functions as BASIC-plus; namely, when the group invites the chair of other groups with which it wishes to consult. See <http://basic.odandbrown.co.uk/2012/02/28/a-basic-issue/>.

35 The Rio Group comprises 23 countries from Latin America. It was formed in 1986 to conduct consultations on important political, economic and social issues of the region, and coordinate positions of member states, including on global issues like climate change, sustainable development, nuclear non-proliferation and disarmament. The group has no permanent secretariat.

36 See www.brics.utoronto.ca/docs/120329-delhi-declaration.html/.

37 The Prime Minister’s statement is at www.thehindu.com/news/resources/article3257669.ece?css=print/.

38 See www.info.gov.za/speech/DynamicAction?pageid=461&sid=21113&tid=41020/.

39 See Bodansky 2011.

commitment to international cooperation, mainly by repeatedly stressing the importance of the principle of common but differentiated responsibility as well as the notion of national policy space.⁴⁰

Moreover, developing countries have continued to emphasize delivery on commitments made. Many times they have reminded developed nations of the still unattained official development assistance (ODA) goal of 0.7 percent of gross national income, established decades ago and affirmed in many subsequent international statements, including the outcome document of the 2002 Monterrey financing for development conference (see International Conference on Financing for Development 2002). Calls for the fulfilment of earlier agreements are also being made in respect to the WTO's Doha development round and global governance reforms, notably the reform of the United Nations Security Council and IMF voting power.⁴¹

Reminders of developed countries' 'still-to-be-fully-met' commitments are usually accompanied by developing countries reiterating support for international cooperation on pending global issues, including those that developed countries have placed on the international agenda, such as 'green growth'.

5. *Legitimate global leadership*: In recent years, developing countries appear to be taking further, albeit often still cautious, steps towards fuller integration in global policy debates. Some observers (e.g., Cameron 2011) are already asking whether the BRICS could rival the G8. Other analysts, however, believe that members of the BRICS carry a lot of global weight as individual states, and not so much as a political bloc. As Landau points out, their economic interests are widely divergent, and not all are democracies or nuclear powers.⁴² Considering these differences, however, it is all the more significant that entities such as BRICS and IBSA have emerged, adding their joint voices to international policy dialogue.

By hosting major international conferences, developing countries are also individually accepting that they may have to assume global leadership roles, for example, to build bridges between countries with divergent interests. Among other

examples, this was the case for Mexico and South Africa in hosting and chairing, respectively, the climate change negotiations in Cancún and Durban in 2010 and 2011.⁴³

In many policy debates, developing countries still appear to limit their role to maintaining basic positions that they value, and demonstrating their willingness to cooperate on global issues that other countries may have placed on the agenda. But a turning point is approaching. They now present their policy views more firmly, including on issues of international trade, global imbalances, international sanctions and the international community's responsibility to intervene.⁴⁴ At the 2009 Copenhagen Conference on Climate Change, the BRICS countries played a pivotal role, helping to forge a last-minute deal.⁴⁵

Some analysts argue that developing countries at large, notably the least developed ones, have benefited little from the fact that the more advanced emerging market economies have penetrated the highest echelons of global power. Martinez-Diaz and Woods (2009) suggest that by far the biggest beneficiaries will be the emerging market economies themselves. Other analysts have queried the representativeness and accountability of the G20 in general and its emerging-market members in particular (see, for example, Rueda-Sabater et al. 2009). This is a discussion that found a first response at the G20 summit in Seoul, when members decided on principles for non-member invitations.⁴⁶

Developing countries should perhaps not expect the G20 to resolve the issue of representation for them, but instead aim at devising their own formulas for representation, and then at negotiating those. That this has not yet happened confirms, as some analysts (e.g., Ikenberry 2008) posit, that most countries of the global South, including China, seek, at least for the time being, to rise within the existing institutional order of global governance, demonstrating engagement and willingness to cooperate in a non-threatening way (see also Beeson and Li 2012, Heine 2010).

40 This approach has been taken again in the statement of the G77 and China to the High-level Meeting of the Economic and Social Council of the United Nations with the Bretton Woods institutions, WTO and UNCTAD. See www.g77.org/statement/getstatement.php?id=120312a/.

41 See, among others, the Declaration of the Fifth Summit of the IBSA Dialogue Forum of 18 October 2011, www.ibsa-trilateral.org/.

42 See Georges Landau's contribution to the discussion forum on "Will the BRICS Nations Evolve into a More Powerful Bloc?" available at www.cigionline.org/articles/2012/04/will-brics-nations-evolve/.

43 For a discussion of South Africa's role at the Durban meeting, see, for example, Chevallier 2011.

44 This norm stipulates that where states fail to prevent gross human rights violations, as, for example, in cases of genocide, the international community has an obligation to intervene. See ICISS 2001 and the website of the Global Centre for the Responsibility to Protect at <http://globalr2p.org/>.

45 See, among others, Harvey 2011.

46 See the G20 2010 declaration at www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/117705.pdf.

FROM VOICE TO INFLUENCE: TRACING SUBSTANTIVE POLICY IMPACTS

The expanding and strengthening representation of developing countries in global policy-making and negotiations has evolved in a direction that could potentially facilitate the provision of global public goods. Most conditions of successful international cooperation in support of such goods, as proposed earlier, are increasingly being met. The circles of stakeholders and decision makers are now better matched, and more importantly, the policy positions taken by developing countries have drawn added attention to concerns of fairness and justice, thereby probably contributing to enhanced mutuality of benefit and willingness to cooperate.

The global North still has to adjust to this more active role of developing countries in global policy-making. At present, developed countries appear to take issues that are of key concern to them either to multilateral venues in which their voice still counts disproportionately, as at the IMF, or to smaller, more informal forums that they chose to create, like the G20 leaders summits.⁴⁷ At the same time, the relatively faster rise of some developing countries has led to nervousness among regional neighbours, e.g., between China and other Asian nations (Beeson and Li 2012). These changes in international relations have to be taken into account when assessing the global policy impact of the strengthened representation of developing countries. But despite countervailing forces, many developing country initiatives have found traction in international agreements, and even been translated into actual policy changes.⁴⁸

For example, without the continuing reference by developing country delegations to the shortfalls in ODA, there might not have been an eighth Millennium Development Goal (MDG),⁴⁹ or modest rises in assistance after the 2002 Monterrey financing for development conference.⁵⁰ Lower contributions might have affected development, and, consequently, global conditions like public health, poverty reduction, or peace and security.

Without the persistent and engaged intervention of the delegations of Chile and Mexico, who were able to rally strong developing country support, the Monterrey conference might not have occurred.⁵¹ By now, even industrialized countries seem to appreciate the innovative perspectives on development financing that the meeting introduced by taking a comprehensive look at measures ranging from domestic resource mobilization to trade, international capital markets, foreign aid and the international financial architecture. (International Conference on Financing for Development 2002).

Similarly, would development have become embedded in the multilateral trade agenda without the insistence of developing countries? Perhaps not, argues Ismail (2007) in his insider account of the Doha round.⁵² Would the G20 leaders summits have decided, as in 2010, to establish a working group on development if the group's legitimacy had not been challenged by some developing countries, which did not see their interests adequately represented (Fues and Wolff 2010)?

And what if there had been no agreement on flexibility for trade-related intellectual property rights (TRIPS) in public health? How would the world have been able to cope with HIV/AIDS? Even now, despite the 2001 Doha Declaration on TRIPS and Public Health,⁵³ efforts to weaken agreed-upon TRIPS flexibility measures such as compulsory licensing or parallel imports are occurring, e.g., by way of transit controls (Abott 2005, South Centre 2011). Similar problems are occurring in other sectors (Maskus and Reichman 2005). Nevertheless, some of the innovations in policy instruments and in sharing knowledge and technology in health are now being considered for climate change (Correa 2012).

Although the debates in the 1970s and 1980s on a new international economic order were, from the 1980s onward, steamrolled by economic liberalization and privatization, the earlier calls made by developing countries to provide facilities to assist less advanced nations in coping with external shocks have stayed on the international agenda. They are just as valid today and were acted upon during the 2008 financial crisis (IMF 2011). As with the outcry of developing countries against the first-generation structural adjustment programmes, before more adequate consideration of country-specific conditions

47 On this shift in venues, see Kaul 2011. For more detail on the G20 leaders summits, see Footnote 29.

48 A systematic assessment of the impact of developing country interventions on global policy would, of course, require a more in-depth analysis of the complex and in part also highly informal 'closed-door' negotiations and consultations that take place, and in many cases have lasted for years, if not decades. Such an analysis cannot be undertaken in this paper, so arguments presented below are conjectures based on literature studies, and suggested here for further study and debate.

49 See www.un.org/millenniumgoals/. Goal 8 calls for a global partnership for development between developing countries and their external partners.

50 See the Organisation for Economic Co-operation and Development/Development Assistance Committee database at www.aidflows.org/.

51 The United Nations General Assembly resolutions that prepared the ground for the Monterrey conference were actively sponsored by Chile and Mexico, among other countries. Members of these two delegations, namely Eduardo Galvez of Chile and Mauricio Escanero of Mexico, were, in the lead up to the conference, appointed respectively as coordinator and facilitator of negotiations.

52 Faizel Ismail served as head of the South African delegation to the WTO.

53 The declaration is at www.wto.org/english/thewto_e/minist_e/min01-e/mindecl_trips_e.htm/.

and social aspects (UNDP 1991), it has taken the international community some time to accept the position of developing countries on capital controls. Now, prompted by the lessons of the 2008 crisis, the IMF has begun to endorse this instrument (Gallagher et al. 2011). These and other experiences once again demonstrate the desirability of open and participatory international policy dialogue. Clearly, considerable economic and social costs could have been saved had more attention been paid to developing country perspectives earlier on.

Following the Cancún Ministerial Meeting of the WTO, the then-Foreign Minister of Brazil, Celso Amorim, remarked, “I am convinced that Cancún will be remembered as the conference that signalled the emergence of a less autocratic multilateral trading system” (Amorim 2003). The current Doha round of multilateral trade negotiations and the negotiations on climate change, including the 2009 Copenhagen conference, have sent similar signals.⁵⁴ Developing countries can and do increasingly stand firm on their negotiating positions because of their strength as rising economic and political powers. This stance has also become possible because many of their policy proposals, especially the notions of fairness and development-centred growth, have, by now, taken root. They are seen by many, especially ever-more globally networked and engaged civil society groups, as integral elements of the global normative framework. The governance arrangements of the Green Climate Fund are but one of the more recent pieces of evidence for this point.⁵⁵

OVERALL ASSESSMENT

The foregoing analysis of the role of the global South in global governance leads to two main findings:

- The circles of stakeholders and decision makers on global issues are today better matched than they were some decades ago, because developing countries have strengthened their presence at all levels of decision-making, and perhaps also in most issue areas. Yet the matching is still far from perfect.
- The strengthened presence of developing countries has impacted the substance of international negotiations. Developing country delegations have contributed to shaping various global public goods, so that the distribution of their benefits has broadened, and publicness in

consumption is somewhat better matched with publicness in utility—all deriving a benefit from international cooperation, albeit at different magnitudes.

In some respects, international policy-making realities today are more in line with the five conditions identified in this paper as favourable to an adequate provisioning of global public goods. The fact that international negotiations have become more open and participatory has contributed to enhanced provisioning.

In other respects, however, global governance and the provisioning of global public goods have become more difficult than during the Cold War era of bipolarity, as well as the brief subsequent era of global governance largely dominated by the major western industrial powers. This is evident, for example, from the lengthening list of increasingly interconnected global risks (World Economic Forum 2012); the increasing reliance on more informal international negotiation venues (Haass 2010); the growing competition not only among firms but also among states in the newly emerging areas of natural resource scarcity (TERI-KAS 2011); and proposals such as those for a selective retreat of countries like the United States from globalization (Rodrik 2011), or those for giving up on international democracy and letting the world be run by actors who have the resources to do so (Khanna 2010).

International cooperation today is stuttering more and more. A reason seems to be that, due to the rise of the global South in global governance, the conventional patterns are changing, but the basic parameters of a new system have not yet been defined. Political power shifts are increasingly reinforcing the economic integration of the global South in the world economy, adding political multipolarity to economic and military multipolarity.

Considering these tectonic shifts in international relations are recent, uncertainty exists about how to combine economic openness and sovereignty. In case of doubt, states jealously guard their sovereignty. This holds true for developing and industrialized countries. Consequently, many states experience a sovereignty paradox: The more they try to hold on to a strict, ‘absolute’ notion of sovereignty, the more they find that they lose sovereignty and are exposed to forces of globalization such as the contagion effects of financial crises, or violent storms, flooding or droughts related to global warming.

In terms of the provisioning of global public goods, the foregoing findings suggest that the growing international political strength of developing countries has brought the world to a fork in the road of global governance. States have, especially since the mid-1980s, pursued strategies of economic openness that led to the growing importance of global public

⁵⁴ For an assessment that considers both the failures and successes of the 2009 Copenhagen conference, see, among others, Ottinger 2010. For an assessment of the Doha round, see Hufbauer and Schott 2012.

⁵⁵ See [www.climatefund/info/](http://www.climatefund.info/).

goods and to deepening policy interdependence. Now they wonder about how best, if at all, national policy-making sovereignty and openness can be combined. In view of emerging natural resource scarcity as well as the growing competition for market shares, many countries, at present, prefer to ‘go it alone’, i.e., to promote their own security through unilateral strategies, increased rivalry and competition. They rely on zero-sum strategies where positive-sum ones—e.g., international cooperation in support of such non-rival public goods as clean energy technology—could be better for all

States’ uncertainty about when to cooperate and when to engage in constructive rivalry with each other extends to their cooperation in regulating international markets. The globalization of markets has outpaced that of policy-making, as the 2008 financial crisis and the current Euro crisis have clearly shown. States have, in many cases, failed in complementing financial and economic openness with global regulatory frameworks (Cooper and Helleiner 2010, Eichengreen 2010).

The main implication of the rise of the global South for the provisioning of global public goods is that the international community needs to address, once again, what may be the most basic global public good issue: world order. This was last raised after World War II, when states met at San Francisco to jointly deliberate on how to promote peace and security. They agreed on the United Nations Charter, including the principles of the inviolability of national borders, non-interference and national policy-making sovereignty. But how can these principles, notably that of national policy-making sovereignty, be upheld under conditions of economic and financial openness? Resolving today’s global challenges will depend on answering this question, and choosing one of two policy paths: to a zero-sum world or a positive-sum one.

4. CONCLUSION: STRIKING A BETTER BALANCE

The world has been fortunate that increasing economic openness and deepening policy interdependence have coincided with the rise of the global South. Developing countries have strengthened economic and political capacities in the provisioning of global public goods, in terms of both decisions around them and their delivery. Most global public goods depend on effective management of cross-border spillover effects, and a concerted, adequate provision of national and regional public goods, and thus on national capacity as well as the willingness to cooperate. The last depends in turn on the fairness and justice of international negotiations.

One choice today is to take the zero-sum approach to

global governance, where all states pursue narrowly defined national interests, without any or much regard to how other countries fare. To the extent that states care about each other and global exigencies, they could, furthermore, opt for a private-goods centred approach to these goals, leaving it to markets to develop and sell new private goods like those for ‘green growth’—e.g., green transportation, building materials and energy products. But the result of such a strategy could be more and more severe global crises, because the sum of individual efforts undertaken by state and non-state actors may not suffice to meet global reform targets and stay within the planet’s carrying capacity.

No doubt, some actor groups might benefit from a zero-sum strategy in the short run. But people’s well-being, including that of the richest, most powerful people, depends on a balanced ‘consumption basket’ of private and public goods. Within public goods, there must be a better balance among those that are local, national, regional and global. The consumption basket naturally cannot be balanced if the ‘foundational’ global public good remains absent: namely, a clear, consensus-based vision of the basic parameters of the future world order.

If the world would like to continue enjoying the advantages of openness without its current costs, it needs to formulate and reach global consensus on a notion of responsible sovereignty, that is, national sovereignty exercised with full respect for the principle of sovereignty.⁵⁶ Put differently, states would accept that in exercising national sovereignty, they will take the outside world into account, i.e., that the policies they adopt will not undermine the welfare and well-being of other nations, nor ignore planetary boundaries or the development options of future generations. ‘Taking the outside world into account’ could also mean not blocking international collective endeavours such as steps towards trade liberalization or international terrorism control that, if designed appropriately, could have global welfare-enhancing effects. But responsible sovereignty would also entail that, for example, states meet agreed-upon, universal human rights obligations, and act as intermediaries between domestic and external policy demands and exigencies.⁵⁷

Agreement on responsible, mutually supportive sovereignty might be forthcoming with two preconditions. First,

⁵⁶ A similar notion of responsible sovereignty has been set forth in Jones, Pascual and Stedman 2009, who offer the following definition: “... responsible sovereignty requires all states to be accountable for their actions that have impacts beyond their borders, and makes such reciprocity a core principle in restoring international order and for providing for the welfare of one’s own citizens. In a world of interdependent security, states cannot exercise their responsibility to their own citizens without also exercising it in concert with others” (p. 9).

⁵⁷ See, on the notion of the intermediary state, Kaul 2006.

international decision-making must become even more open and participatory than it is today, affording all an effective voice in matters that concern them. Second, the benefits and costs of international cooperation and economic openness must be fairly shared at home. In other words, international and national fairness have to move in step.

Considering worldwide advances in democracy, policy makers perceived by national constituencies as mere takers of external policy prescriptions might lack legitimacy at home and abroad. Consequently, they may not be in a position to help their country contribute in a fair and effective way to international cooperation. Conversely, policy makers who fail in their duty to generate requisite national political support for international cooperation because they do not foster a fair sharing of costs and benefits might lose international legitimacy and influence.

The conjecture presented here, for further study and debate, is that a strengthening of states' willingness to cooperate requires states to renew their commitment to national sovereignty by forging global consensus on two closely related principles: first, the principle of responsible sovereignty that is mutually supportive and cooperative; and second, the principle of global fairness, where national fairness aligns with fairness and justice in international negotiations.⁵⁸

A consensus-based global commitment to these two principles as cornerstones of the future world order could lay the normative foundation for the creation of two currently missing global public goods: a global governance system offering states effective incentives to tame their temptation to free-ride in the presence of global public goods; and a regulatory and institutional framework for markets so they could function efficiently and serve society, both nationally and international, to achieve desired public policy goals. If states were to tame themselves in this way, they would also be better poised to tame markets—and to retain or regain their policy-making sovereignty. Pooling national sovereignty out of enlightened self-interest would not mean giving away sovereignty, but just the contrary. It would mean, as Nye Jr. (2010) argues, to achieve preferred policy outcomes *with* other players rather than over them, thus multiplying one's own power and strength. However, for others to come on board, it will be important to recognize that they, too, want to gain from cooperation.

As states' conditions and development levels differ, they would, of course, have common but differentiated responsibilities in promoting a more mutually supportive policy approach to sovereignty. The international community could

consider expanding the current principle of responsibility to prevent and protect to include its responsibility to support developing nations, financially and otherwise, in meeting their duties towards the outside world, so that all nations could increasingly act not just as national sovereign entities but also as intermediaries to balance national, regional and global concerns.

From where might momentum for reforming the world order emerge?

Several forces of change could come into play:

- A major global crisis or even crises could occur, the costs of which would be so high that the continuation of 'business as usual' would no longer appear to be feasible or desirable;
- Developing countries' approach to integrating themselves in the world economy could become more assertive and begin to 'rock the boat' of international relations—a change that would, most likely, be highly disruptive, and sooner or later, lead to the first situation of 'no more business as usual'; or
- A fuller understanding of the fact that international cooperation 'pays' on the part of policy makers, perhaps facilitated by research and studies, new technologies as well as advocacy by concerned actor groups.

The last of these three scenarios would clearly be the least unsettling and costly.

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58 In this context, see also Ruggie 1982.

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