Global Markets, Global Citizens, and Global Governance in the 21st Century - ***Summary***

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Market-based growth and globalization have brought many benefits. Millions of people in the developing world have escaped poverty, and, for the first time in 100 years, the yawning gap between the rich countries and the developing world has narrowed, as China, Brazil, India, and other developing countries grow faster than the United States and Europe.

For the average citizen in the developing world, however, life remains harsh; half the world's people still live on less than $3 a day. The global market system is associated not only with growth but with ever greater concentrations of wealth within countries, destabilizing capital flows that hurt the average working person, new risks of job loss for middle-class people in advanced economies, and food and fuel price hikes that have had devastating effects on poor households in low-income countries. Even equally shared future growth in India, China, and Brazil can leave behind a large and frustrated income-insecure group compared with the rising middle class in those countries. And in the absence of a dramatic technological breakthrough in the production and distribution of carbon-free energy, market-led growth is also potentially destructive because of its effect on climate change.

The enormous differences in income between the richest and poorest countries and people, and the risks of unabated climate change, especially to the world's most vulnerable people, are troubling moral challenges in an increasingly interconnected and interdependent global system. Worldwide surveys show that citizens everywhere are well aware of these challenges. Millions of people in more than 50 countries, particularly among the young and better educated, see themselves as "global citizens," not in opposition to but alongside national citizenship. Substantial majorities are "strongly concerned" about climate change, and among the educated in

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eight high-income countries, large majorities are willing to finance the costs of meeting the Millennium Development Goals, as long as other countries pull their weight.

Citizen activism in support of a better world has risen dramatically in the last decade. There is nothing new about activism, but the Internet revolution is giving citizens greater opportunities to make demands on powerful authorities beyond their borders. A good example is the citizen-based movement that in 2003 embarrassed the United States and the pharmaceutical industry into accepting a less stringent World Trade Organization (WTO) approach to global intellectual property rights that was limiting access to AIDS and other patented drugs in low-income countries.

Citizen-based "demand" for a fairer and more farsighted system is there. But the official supply of good global governance is wanting. The supply—the G20, the International Monetary Fund (IMF), the World Bank, the WTO, the United Nations, the World Health Organization and other UN agencies, the newly created Green Climate Fund, and many other formal institutions at the regional and global level—is flawed in two ways.

The first problem is that the system is weak. It is not the global institutions but the largest economies—including the United States and China—that are the locus of most decisions and policies that have implications beyond any one country's borders, and that have the tax, regulatory, and enforcement powers to back up coordinated policies in and through the international clubs and institutions. The global institutions do provide a vehicle for countries, including the most powerful, to lock themselves as well as others into sensible rules and policies (for example, the open trading system) that are in their own self-interest but might be difficult to sustain domestically or that can be implemented at lower cost or greater effectiveness collectively (for example, World Bank lending, IMF surveillance). To the extent that they bind their powerful members to sensible rules and policies, the ordinary citizen is probably better off with than without them.

Still, the resulting global polity is a faint shadow at the global level of the sovereign state in forging and managing a domestic social contract that corrects for initial inequalities at birth and deals with such market externalities as pollution. The problem of global governance is less an intrusive "world government" than a global polity that is too weak to eliminate tax havens and restrain “race-to-the-bottom” tax competition among countries desperate to attract capital; extend and enforce agreed safety standards to protect industrial workers at the bottom of complex multinational supply chains; rationalize rich country immigration policies that deprive citizens in developing countries of the right to move even as they impede growth in already rich countries; or generate agreement to price emissions of heat-trapping gasses.

The second problem is built into the nature of the system itself. The official institutions are made up of sovereign member states, themselves at best imperfect democracies; in terms of political accountability, they are at least two steps removed from people whose lives they affect. In what they do (and what they neglect to do), they tend to reflect better the interests and ideologies of the larger and more powerful countries and of the corporate and global elite, and even the well-intentioned but sometimes misguided nongovernmental organizations of the north than of ordinary citizens everywhere. Sometimes these institutions act on behalf of ordinary citizens, as when the World Bank finances propoor cash transfers in Central America or the WTO restrains excessive patent protection in southern Africa. But because the institutions’ practices often reinforce rather than compensate for the asymmetries of power within and among countries and because their own governance structures reflect those asymmetries, they lack democratic legitimacy..

Compounding the problems of weakness and illegitimacy is the new reality of a G-Zero, multipolar world, in which the decline in the overwhelming dominance of the United States is undermining its willingness and ability to fulfill the global leadership role it held in the second half of the 20th century. To be sure, the United States was often a bully in pursuing its own interests. But it was a sort of benign bully, because as the most competitive and productive economy, its interest in open and fair global rules and practices coincided with the interests of much of the rest of the world. With the rise in the market power of China and other emerging markets, the United States is less the economic hegemon it was; the ship of the global economy has lost a single powerful captain to keep it out of stormy seas.

What can be done? One step is for empowered and enlightened citizens to find ways to amplify their influence, through the media, crowd-sourcing, and the equivalent of “voting” in worldwide surveys. The world’s rich—including the top 10 percent of people in the advanced economies and millions more rich in developing countries—can support civil society and independent research and policy groups that generate information, monitor performance of governments and intergovernmental institutions, inform the media, insist on transparency of government and intergovernmental spending and practices, and generally contribute to deliberative discourse within and across countries.

In the world's largest economies—China, Europe, Japan, the United States—influential people can lobby that their own houses be put in order, with a focus on changing domestic policies and practices that impose negative spillovers on the world's poor and vulnerable; examples include a carbon tax in the United States, increasing immigration quotas tax in Japan, the opening of agricultural markets in Europe, and regulatory changes in all the major powers to reduce the risks of another financial crisis. The same can be said for the small but powerful corporate and political elite in developing countries, which could back the sharing of tax information to reduce tax evasion and full disclosure of their own governments' natural resource concession agreements.

The world's rich and secure middle class have a second responsibility wherever they live: to support the idea of multilateral cooperation and to contribute to a narrative in their own countries in support of the multilateral institutions. In the United States, influential citizens would do well to recognize the risks to them and to the world if the longstanding bipartisan support for the IMF, the World Bank, the WTO, and the United Nations wavers. In Europe, citizens should support increased votes and influence for China and other emerging markets at those institutions, without which the rising powers will disengage, ultimately eroding the rules and values that Europe has championed at those institutions.

The enormous differences in income between the richest and poorest countries—and within countries between the elite and the marginalized—constitute a moral challenge in an interconnected world. That challenge commands global collaboration to help bind all countries to trade, migration, aid, tax, and anticorruption and other policies and programs to help ensure that growth benefits the bottom half of the world's population. The number of globally minded citizens, aware of that challenge, seems likely to rise in this century. Will the resultant increase in demand for better global policies be channeled to an increase in their supply, within key countries and in the form of stronger and more democratic global institutions? In the G-Zero, market-led world of asymmetric power and influence, can citizen movements, without the tax and enforcement powers of governments, make a real difference? Can evolving norms change global politics and bend the curve of market-led growth toward greater equity and sustainability? The jury is still out.