



POLICY BRIEF  
**THE FUTURE OF  
MULTILATERALISM:  
RESPONSIBLE GLOBALIZATION  
THAT EMPOWERS CITIZENS AND  
LEAVES NO ONE BEHIND**



Task Force 5

**THE FUTURE OF MULTILATERALISM AND  
GLOBAL GOVERNANCE**

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# موجز السياسة مستقبل تعددية الأطراف: عولمة تتحدى بالمسؤولية، تستهدف تمكين المواطنين ولا تستبعد أحدًا

فريق العمل الخامس  
مستقبل التعددية والحوكمة العالمية



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## ABSTRACT

Recent disaffection with globalization threatens the post-war rules-based order supporting global prosperity. To shift globalization such that it "leaves no one behind," this policy brief recommends the establishment of a G20 Working Group on the Future of Multilateralism tasked with reforming the global governance architecture for the 21st century. The governance architecture should accommodate institutional diversity and demands for policy autonomy while preventing beggar-thy-neighbor policies and ensuring the provision of global public goods. The mandate of the working group would be to draft and agree on a set of G20 Principles for Sustainable Multilateralism to ensure an effective, legitimate, and sustainable multilateral system.

تهدد حالة الإستياء الأخيرة من العولمة النظام القائم على قواعد ما بعد الحرب، والذي يدعم الرخاء العالمي. ولإحداث تحول في نظام العولمة بحيث "لا يسيء أحدًا"، يوصي موجز السياسة هذا بتشكيل مجموعة عمل تابعة لمجموعة العشرين، تعنى بمستقبل تعددية الأطراف، وتكون مكلفة بإصلاح هيكل الحوكمة العالمي للقرن الحادي والعشرين. يجب أن يستوعب هيكل الحوكمة التنوع المؤسسي والمطالبات باستقلال السياسات مع تجنب سياسات إفقار الجار وضمان توفير منافع عامة عالمية. تتمثل مهمة مجموعة العمل في صياغة مجموعة مبادئ تعددية الأطراف المستدامة لمجموعة العشرين، والاتفاق عليها لضمان تحقيق نظام متعدد الأطراف يتسم بالفاعلية والشرعية والاستدامة.



## CHALLENGE

Over the last 75 years, multilateralism has been a powerful driver and pillar of global integration, peace, and prosperity. Multilateralism was also central to the G20's successes in addressing the global financial crisis and promoting international financial stability since.

However, the current disaffection with globalization and with existing forms of global governance threatens the foundations of the rules-based multilateral order. This is, in part, because competing economic models highlight the issues of fairness and the distribution of the costs and benefits of maintaining the existing multilateral system. The political discontent with multilateralism, most notably in the United States, is associated with the failure of the post-Bretton Woods system to stem the tide of slow growth, rising inequality, rising migration, social fragmentation, and job insecurity associated with technological change, offshoring, and automation.

Many of the world's biggest challenges are not a result of disagreements about how to cooperate, but a profound loss of direction about why to cooperate in the first place. A sense that multilateralism crept beyond the boundaries set by the principle of subsidiarity created a populist, protectionist, and nationalist backlash. The core goals and values of multilateralism have been forgotten, and a growing number of governments lack the domestic backing required to forge stronger multilateral ties. Unfortunately, while stakeholders debate the merits of global cooperation, the window of opportunity to address a myriad of inherently global problems—such as climate change, financial fragility, and pandemics—is closing. Further, important institutions like the WTO can no longer carry out their core functions, such as trade dispute resolution.

## CHALLENGE

For the past two decades, calls have grown louder to reform the current multilateral system to reflect changes in the economic, demographic, and political weight of advanced and emerging economies (Derviş 2018). Political rigidities in multilateral organizations such as the IMF, the World Bank, the UN, and the WTO prevented adequate reform. Disillusionment with multilateralism led governments to consider various alternatives, such as replacing multilateral agreements with bilateral deals or replacing multilateral rules with rules for like-minded or geographically proximate countries. However, none of these alternatives can substitute for true multilateralism, because a globalized world facing inherently global challenges requires globally concerted action.

Often treated as an end in itself, multilateralism must be reimagined as a means to empower citizens and enhance social prosperity. While this may entail thinner globalization in practice, a scaled back but inclusive and sustainable multilateralism is preferable to no multilateralism at all. The challenge is to find a set of legitimate general principles to guide and constrain global rule-making that all nations can agree on and that “leaves no one behind.”



## PROPOSAL

The COVID-19 catastrophe exposed key vulnerabilities in today's hyper-globalized mode of production, as well as important gaps in the global governance architecture. The current configuration of economic globalization was designed to maximize efficiency, minimize transaction costs, and reap the benefits of scale. Politicians promised that the rising tide would lift all boats. However, while global GDP rose rapidly over the past decades, globalization also widened inequality within and across countries, exposing nations to unquantifiable levels of systemic fragility. Not surprisingly, COVID-19 and the resulting economic downturn are only aggravating existing social inequalities within and among countries. Once again, as in the aftermath of the 2008 crisis, it is the most vulnerable and marginalized—poor countries and vulnerable people in richer countries—that are hit the hardest.

The ever-widening scope of globalization also undermined democracy by reducing a nation's sovereign policy autonomy and inhibiting often desirable policy diversity and experimentation. As Dani Rodrik (2007) argues, there is a trilemma preventing the simultaneous achievement of deep globalization, national sovereignty, and democracy. Far too often, small and medium-sized nations (particularly in the Global South) are forced to choose between access to global markets and maintaining policy space to pursue their national development strategies.

While COVID-19 is holding up a magnifying glass to deep- and hard-set structural problems in the global governance architecture, even before its emergence, the world was already fast approaching irreversible thresholds and tipping points on several global challenges, most notably climate change and artificial intelligence (Derviş 2019). The window of opportunity to address some of these problems is closing; the COVID-19 catastrophe only adds greater urgency to the need for a multilateralism that can handle the immense dangers that lie ahead.

To safeguard the benefits of multilateralism and ensure that it works in the service of all nations and people, we must address its discontents and make it fit for purpose in an era of renewed great power competition and a decoupling of economic and social prosperity. A multilateralism fit for the 21st century ought to prioritize the wellbeing of the worst-off, build much more robustness into the global system, and accommodate legitimate demands for policy autonomy, while ensuring the prevention of beggar-thy-neighbor policies, the provision of global public goods, and the management of the global commons. A negotiated understanding of where to position international institutions within the globalization trilemma should shape the parameters of this new compromise.

To lay the groundwork for an inclusive dialogue in the G20, we recommend the establishment of a G20 Working Group on the Future of Multilateralism to develop a set of principles that can be built on to create a new pact on multilateralism, with an eye toward accepting institutional diversity while preventing beggar-thy-neighbor policies and ensuring the provision of global public goods and management of the global commons.

The mandate of the G20 Working Group on the Future of Multilateralism would be to design and agree upon the traffic rules required to achieve adequate multilateral cooperation and coordination. At the same time, it must ensure that the multilateral system remains democratically legitimate and politically sustainable. To this end, the Working Group should seek to elicit, classify, and compare the views of stakeholders from a broad range of geographies and substantive policy areas on multilateralism and new paradigms of institutional governance.

The Working Group should address many pressing questions, including: What are the major normative gaps in the current global governance system and its role? In which policy domains does it make sense for global rules and institutions to constrain national action? What are the appropriate criteria for selecting them? Does the current multilateral system suffer from a democratic deficit? If so, can it become democratically legitimate and politically sustainable simply by granting nations more policy space? In a world of potentially democracy-enhancing global governance, what essential traffic rules or general principles would ensure basic cooperation and coordination? How must existing institutions evolve and adjust, and where are new institutions required? Given the desirability of subsidiarity, what is the role of subnational actors in this framework? Should non-state actors (including civil society and corporations) use market and social mechanisms to catalyze collective action?

For 2021, a key outcome of this Working Group could be drafting and approving a G20 Principles for Sustainable Multilateralism document that responds to the realities, challenges, and opportunities outlined above. These Principles would act as a set of general “traffic rules that help vehicles of different size and shape and traveling at varying speeds navigate around each other, rather than impose an identical car or a uniform speed limit on all” (Rodrik 2018, 225).

We propose the following guidelines for such a set of generalizable principles that all countries could agree on to deliver a more inclusive and sustainable multilateralism.

### **1. Focus on Wellbeing and Equity**

The new multilateralism must be conceived primarily as a vehicle for enhancing citizen empowerment. It must recognize that globalization and multilateralism are means to an end—social and economic prosperity and security—rather than ends in themselves. Multilateral cooperation should be justified in terms of the public interest and must be used as an instrument to promote sustainable, balanced, and inclusive growth, rather than to promote globalization for its own sake. Operationally, multilateral agreements and global governance institutions must show that they enhance the wellbeing of the worst-off and the most marginalized. Governments worldwide embraced the Agenda 2030 principle of “leave no one behind,” which must now be systematically built into multilateralism.

### **2. Embrace Diversity**

Existing global institutions largely assume the existence of one universally valid approach to policy. The new multilateralism must instead recognize that there is no one way to satisfying human needs, and that policy diversity is inherently desirable. First, because economic policy preferences and needs are diverse, one-size-fits-all approaches might be costly. Second, in many policy areas, the ex-ante optimal policies are unknown. Thus, it may be desirable to allow national experimentation. Recent debates on the best approach to deal with the COVID-19 pandemic—whether through containment, mitigation, suppression, or herd immunity—offer a good example.

### **3. Robustness**

As COVID-19 tragically illustrates, hyper-globalization made the world unprecedentedly interdependent and fragile (Derviş and Strauss 2020). Robustness and security were sacrificed on the altar of short-term efficiency and cost reduction. While maximizing immediate efficiency, global value chains also increased the likelihood of cascading failures. To protect humanity from catastrophic risks, the new multilateralism should ensure that the global economy is robust to systemic failure by building in redundancy, fail-safe mechanisms, and greater diversification into economic systems. Some degree of adaptive de-globalization may be necessary to achieve greater robustness, but doing so effectively requires more rather than less multilateralism. Burden sharing and cooperation, nested in a system of global rules that ensure key vulnerabilities are managed together, are needed to build affordable robustness.



#### **4. Legitimacy**

Too many decisions at the multilateral level are made by, and to the benefit of, a minority of nations and people. This makes the system fragile and unfair. Legitimizing global governance requires organizations to improve the representativeness of the global rulemaking processes, include marginalized voices, and bolster responsiveness and accountability mechanisms. While inclusion and equity are valuable features in and of themselves, they also make systems more legitimate and therefore, more sustainable. Legitimation and accountability in the context of global governance require a process of transnational deliberation that explains the actions it takes (or does not take) that others can acknowledge as legitimate, even when interests diverge and disagreement prevails.

#### **5. Do No Harm**

A minimum core purpose of multilateralism should be to prevent beggar-thy-neighbor policies through which countries aim to benefit at the expense of other countries. Just as national politics must induce citizens of nations to constrain their pursuit of self-interest in order to achieve common national goals, so multilateral politics must again induce nations to constrain their pursuit of national interest to achieve common transnational goals.

#### **6. Subsidiarity**

Multilateralism should serve a subsidiary function, dealing only with policies that cannot be tackled at the national or sub-national level and with issues that have international spillover effects. Global governance must also transcend exclusive clubs of governments, regulators, and technocrats by moving beyond state-centered multilateralism toward a bottom-up, inclusive, multi-channel multilateralism that, in the words of John Ruggie, “actively embraces the potential contributions to global social organization by civil society and corporate actors” (Rodrik 2011, 211). These actors are often able to sidestep political contestation and advance new global norms via market and social mechanisms more effectively and legitimately than any national or supranational government can.

## 7. Systemic Coherence

The new multilateralism must aim to ensure the systemic coherence of the world order. In view of the diverse cultures, conditions, capabilities, norms, and values represented in the community of nations, diversity of policy approaches is desirable. Nevertheless, this diversity of approaches must be consistent with multilateral agreements aimed at addressing global challenges. When multilateral policies conflict with national policies, the result is generally detrimental to both. Multilateral agreements and national policies must be formulated accordingly. Achieving systemic coherence in policy making requires agreement on an overall approach to policy making, which is possible only through dialogue among nations at multiple levels involving a wide range of stakeholders from the domains of politics, business, academia, and civil society.

An illustration of such an approach that may provide a useful point of departure, is the application of Elinor Ostrom's (1990) Core Design Principles to the relationships among nations: (1) encourage national solidarity; (2) match the rules addressing global problems to national needs and conditions; (3) ensure that all states affected by the rules can participate in changing the rules; (4) ensure respect for the rule-making rights of states at the multilateral level; (5) develop a system, carried out by the member states, for monitoring states' behaviors; (6) agree on graduated sanctions for rule violators; (7) agree on accessible, low-cost dispute resolution mechanisms; and (8) build responsibility for addressing global problems through tiers of governance in which diverse national policies and multilateral agreements constitute a consistent system of policy making.

In service of systemic coherence, the G20 must seek greater coordination with the UN system, Bretton Woods institutions, and related bodies. For example, a recent follow-on report to the 2015 Albright-Gambari Commission Report recommends that the G20 be upgraded to a "G20+" by: (1) assembling G20 heads of state at UN Headquarters during the UN General Assembly every two years, (2) establishing formal links with intergovernmental organizations for policy implementation and follow-through, and (3) establishing a small secretariat to enhance systemic coordination and accumulate a collective institutional memory and consensus (The Stimson Center 2019). Such reforms would make the G20 not only more effective an institution but also more inclusive and sustainable.

This list is by no means exhaustive. Its purpose is to identify consensus “north stars” for guiding a G20 exercise to imagine a better multilateralism for all.

The G20 is the only existing forum in which consensus for a systematic and coherent reform of the multilateral system could plausibly be achieved. The new multilateralism may need to build on the existing patchwork of plurilateral, multi-level, multi-channel coalitions and alliances designed to address specific overlapping interests governed by general principles and guided by multilateral consensus. Only the G20, with its economic and geopolitical weight and its myriad engagement groups, has sufficient scope and scale to police compliance with such principles and to serve as a platform for the multi-stakeholder dialogue needed to achieve consensus.

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### **Disclaimer**

This policy brief was developed and written by the authors and has undergone a peer review process. The views and opinions expressed in this policy brief are those of the authors and do not necessarily reflect the official policy or position of the authors' organizations or the T20 Secretariat.



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