



**CENTER ON
INTERNATIONAL
COOPERATION**

A Manageable World: Taking Hold of the International Public Sector

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Draft- August 6, 2001

I. Defining the International Public Sector

Multilateral cooperation has been a hallmark of the 20th Century, an historic reckoning of the nation state with a growing number of transnational economic, social and security issues and increased interstate interdependence. During the last hundred years, and especially since World War II, sovereign countries acceded to thousands of bilateral and multilateral treaties and established layers of global and regional organizations to monitor these agreements and to fulfill their goals. By the beginning of this new century, over two thousand multilateral agreements had been negotiated and more than 1800 intergovernmental bodies were operating at various levels of vitality.^[1]

This broad pattern of post-war international policy set in motion a development of profound global importance: the gradual emergence of a substantial international public sector that today affects virtually every aspect of international affairs and domestic well being around the globe.^[2] The composition of this international public sector is heterogeneous and evolving. It consists of a broad array of institutions and actors that set the legal and normative framework for the conduct of international affairs and also provide a range of goods and services on which people around the world have come to depend. These institutions range from larger global organizations that are household names, such as the UN and the World Bank, to small, somewhat obscure regional organizations consisting of just a few member countries, such as the West African Health Community. Together with a rapidly growing number of non-governmental and private sector organizations, they provide the frameworks and processes for functional international cooperation in diverse fields, ranging from peace and security to trade and finance,

environmental management, human rights, education, law enforcement, health, science and technology, and the use of the global commons.

This global architecture designed to govern these multiple spheres of international cooperation is undergoing considerable change. It is at once decentralizing as global multilateral organizations seek to devolve a set of peacekeeping and development functions and as regional and sub-regional organizations claim to assume more responsibility for the provision of these and other goods and services;^[3] and it is privatizing as non-state actors increase their interest and influence in international affairs. These two sets of changes – decentralization and privatization – run counter to the trends of homogenization, universalism and great power domination that characterized the intergovernmental system over the past half-century. Instead they represent patterns of fragmentation, regionalism and a potential for heightened competition that are profoundly altering the conduct of international affairs in the undefined space created by the end of the Cold War.

While multilateral organizations account for the lion's share of international public expenditures, international public sector activity increasingly occurs outside the institutional framework of global and regional organizations, including bilateral assistance. It emerges in diverse intergovernmental mechanisms for promoting policy objectives among "like-minded" states, such as the G-24 and the G-8, and in the "coalitions of the willing" on which much of peacekeeping has come to depend. It also manifests itself through the kinds of public-private partnerships that Wolfgang Reinicke identifies as functionally based public policy networks,^[4] and in the transnational networks of public servants described by Anne Marie Slaughter.^[5] Moreover, it exists in the growing expectations of individuals and non-governmental organizations around the globe that have come to believe that the "international system" has an obligation – and should have the capacity -- to respond to a range of needs that individual governments can no longer or lack the will to meet.

There are few if any studies that examine the structure, organization, governance and financing of the international public sector per se. Most treatments of the subject focus either on defining the nature of international public goods and services -- that is, identifying those activities that qualify for the label ^[6] --or on assessing the structure and performance of particular international organizations tasked with providing these goods -- that is, examining their capacity to deliver.^[7] A few more recent studies have begun to consider whether these public goods are most effectively provided at the national, regional or global level ^[8] and what roles

the private sector should play in their delivery.[9] Although there is a growing literature on alternative sources of financing, much of it devoted to advocacy for particular schemes or sectors, the field of international public finance is almost non-existent.[10]

The Center on International Cooperation at New York University, a policy research institute that examines the legal, political, financial and management issues that impede or advance multilateral action, has been mapping the international public sector over the last several years. An initial survey identified more than twenty areas of broad-based international cooperative activity, taking note of their goals and beneficiaries, the institutions and actors involved in their fulfillment, costs and sources of financing, methods of action, and performance. These have been grouped into 6 major categories of international public goods and services: (1) Political and Administrative Cooperation, including arms control and peace operations; (2) International Justice and Law, including international crime control; (3) International Cooperation for Development, which includes social and economic development assistance, trade and monetary cooperation; (4) Regional Cooperation; consisting of various regional and sub-regional economic integration organizations and the UN regional economic commissions; (5) Science, Technology and Education, including research and development as well as training activities; and (6) Human Rights and Humanitarian Affairs, comprised of a set of global and regional agencies, committees and treaty bodies providing protection and services to refugees, displaced persons and victims of human rights abuse.

Some of these goods and services are the product of binding international treaties; others are obligations implied by less formal international norms; and still others reflect mere aspirations. Some of them, such as those provided by international postal agreements or the International Meteorological Organization, are by and large simply taken for granted, since they serve rather technical ends and proceed in fairly neutral contexts. Others, such as peacekeeping and humanitarian assistance, are highly politicized and often contested. In all cases, national interest calculations intervene, either in claims to sovereignty or in anticipated gains and losses in the global bargain that these arrangements represent. Yet, this international public sector persists and expands. In addition to the formal institutions established by states, it has come to include a broad range of non-state actors, both corporate and not-for-profit.

Contrary to generally held opinion, costs are not high. Preliminary research suggests that the goods and services provided by the major inter-governmental organizations demand annual public expenditures approximating \$200 billion – a

modest amount in relation to most national accounts, yet significant enough to warrant more careful evaluation and better accountability than is now the case.

Policy makers and the general public are only beginning to appreciate the dimensions and implications of this international public sector. Yet, it grows in importance as accelerated globalization and ever-increasing transnational phenomena create greater interdependence among states, none of which are able to take full advantage of new opportunities or address new problems on their own. It also takes on greater significance in relation to shifting ideas about the nature of sovereignty and citizenship over which intergovernmental bodies – often prompted by transnational civil advocacy groups -- are claiming broader writ to intervene in domestic situations, such as human rights abuses or forced migrations, that spill over borders and destabilize neighbors and regions.

These and other changes in the international operating environment, in particular the increased roles of regional and sub-regional organizations and non-state actors, are prompting considerable debate on the legal, political and ethical dimensions of international public policy. What is less in evidence are much-needed efforts to address in a pragmatic and systematic way the structure, functions, governance and financing of the international public sector per se. While various efforts are underway to promote reforms within specific multilateral organizations, such as the UN, the World Bank and the IMF, a broader examination of the constituent parts of the international public sector, their cost structures and their capacity to deliver needs to be undertaken if the sector is to respond effectively to the growing global needs and opportunities that no single nation, not even the world's most powerful, can attend to on its own.

II. Tracking Changes in the Global Architecture: Institutions and Processes

Most of the architecture for managing and financing the international public sector was developed in the aftermath of World War II with a set of global organizations, particularly the United Nations and the Bretton Woods institutions, being masterminded by the victors to ensure a stable and peaceful political and economic environment. These global institutions were accompanied by similar-purpose regional organizations in Western Europe, in Africa in the wake of decolonization, and in Latin America. For a variety of reasons, in part reflecting the strength of regional hegemons and dominant U.S. interests, Asia remained largely exempt from these trends, while Eastern bloc countries were drawn into

multilateral organizations that largely served Soviet interests. All of these organizations, global and regional alike, are undergoing a set of important shifts as an increased number of state and non-state actors alter the structure of demand for goods and services in the aftermath of the Cold War.

The number of sovereign states has increased significantly as a result of decolonization and the break-up of the Soviet Union. These new states place increasing demands on international organizations to meet an ever-widening set of expectations for goods and services. They also dramatically increase the membership of multilateral organizations and seek to alter their decision-making procedures in ways that would countermand weighted voting in the financial institutions and the use of the veto in the UN Security Council. While their intention is to share in the authority that previously rested with a few key states, their assertiveness has made consensus difficult. For example, they have blocked some peacekeeping and humanitarian assistance programs which they deem “interventionist,” thereby reinforcing still prevalent perceptions of a North-South divide[11] that in fact belie the diverse interest configurations that increasingly emerge in among developed and developing states.

These shifting interest alignments notwithstanding, a rather generalized dissatisfaction with the decision-making arrangements of global multilateral organizations has set in among developed and developing countries alike, resulting in weakened political and financial support for them, as well as in a growing interest in devolving responsibility to regional and sub-regional organizations. For developed countries, this dissatisfaction is most evident in the well-publicized U.S. pattern of late payments and arrears, but is manifest overall in the tight operating budgets under which most international organizations are forced to work and in the use of bilateral assistance and special trust funds to advance particular states’ objectives..

At the same time, the failure of global multilateral organizations to meet the demands made on them by many of their member states -- coupled with the desire of weaker states to control the international agenda in smaller, more proximal institutions -- has led to the establishment of a large number of regional and sub-regional organizations. Most of these organizations were founded largely with economic integration objectives but are increasingly asserting their authority over activities that affect their member states, especially in social and political areas such as peacekeeping and humanitarian assistance.[12] While regional organizations and the principle of subsidiarity – attending to problems closer to their source – are envisioned in the UN Charter, the effective relationship between

these layers of organizations needs still to be worked out. Moreover, the number and effectiveness of these organizations varies considerably across regions and by sector.[13]

Elsewhere, I have argued that the world may be heading toward an interregnum in the trend toward globalism, a period in which regionalism and sub-regionalism will be the organizing principle for multilateral action.[14] Across the board, in areas as diverse as economic development humanitarian assistance, peacekeeping and even the management of financial crises, a discussion is proceeding rather quickly – and without sufficient consideration of its ramifications – about shifting responsibility from global to regional and sub-regional organizations. This shift is being driven in large part by cost-containment and burden-sharing imperatives and has serious implications for issues of governance, participation, standards and equity.

In order to ensure that decentralization does not result in simple burden-shifting, major donors and better-endowed countries in each region need to ensure that regional and sub-regional organizations have the resources they need to meet adequately the responsibilities they are increasingly being asked (or in some cases desire) to assume. Otherwise, divergences and inequities are likely to increase in the provision of international public goods and services between rich regions and poor ones, with potentially calamitous social and political consequences.

To avoid these regional inequities, the OECD countries need to formulate a new approach to development assistance that goes beyond current bilateral modalities to include far greater coordination between and among national aid agencies, the various UN development and humanitarian assistance agencies, the international financial institutions, including the regional development banks, and non-state actors, both commercial and voluntary.[15] Most importantly, the subsidiarity principle needs to be applied in a way that truly vests responsibility and accountability in those regional and sub-regional actors (including the recipients themselves) that are closer to the problems being addressed and better able to deal with their cross-border implications.[16] This must include some consideration of the appropriate use of local assets,[17] and a level of conditionality for the accountable use of revenues freed up by debt relief, as posited by Oxfam and other organizations concerned with poverty alleviation and sustainable development. Nothing short of a radical reformulation of the concept and practice of overseas development assistance will reverse the tide of diminishing international aid.

Just as these shifts in the fortunes of intergovernmental organizations are taking place, a second major change in the international operating environment is

occurring as non-state actors seek to extend their influence and the effectiveness of their advocacy roles. Transnational corporations, non-governmental organizations and civil society movements, have become major players in the global marketplace.[18] This private sector, including both its profit-making and not-for-profit components, accounts for a vast number of the international transactions that drive globalization and interdependence, even while the inter-governmental organizations and mechanisms established to manage such transactions continue to be dominated by states, many of which remain suspicious of NGO participation.

For their part, multilateral organizations find themselves caught between the coveted principle of state sovereignty and the permeability that globalization brings to their members' borders. An increasing number of the multilateral responses to conflicts in recent years have their roots in the advocacy activities of these transnational humanitarian, human rights and environmental activists, who call international attention to events previously considered to be within the sole purview of the nation-state. The capacity of these NGOs (and individuals) to influence public policy debates is evident in the recent mobilization efforts to establish an International Criminal Court, to ban landmines, and to reprogram the WTO and Bretton Woods institutions to cope with the detrimental effects of globalization. Loosely organized as transnational movements, they are placing increased performance demands on inter-governmental organizations, and they are setting a reform agenda that is having some effect on the ways in which these organizations set their policies and programs. Of course, their influence is felt in diverse ways as the anti-gun control lobby has demonstrated in the course of recent international talks on limiting the trade in small arms.

The potential ramifications of these advocacy activities increase, however, as NGOs and other civil society actors clamor to extend democratic principles to the conduct of international affairs and, particularly, to the decision-making chambers of multilateral organizations. Since calls to establish citizen bodies within the UN and other multilateral agencies are unlikely to be accommodated by those state-based organizations anytime soon, other, more collaborative channels will have to be developed. The NGO forums that ran parallel to the UN conferences during the 1990s represent one such modality, although access to them was limited and they tended to be dominated by a few wealthier and western-based NGOs.[19] The recent invitations to a few humanitarian, peace and HIV/AIDS organizations to speak before the Security Council advance the process further, but are too limited in frequency and represent opportunities for a few well-chosen NGOs to present their viewpoints rather than a broader opening for participation in decision-making. The aforementioned public-private policy networks may well present the most

effective means to date to involve non-governmental actors more directly in the formulation and implementation of international public policy.

The 1990s were marked by an increasing privatization of international affairs. This takes the form of contracting NGO services by national governments and intergovernmental organizations, as well as efforts to extend traditional corporate philanthropy and new ideas about corporate social responsibility into formal public-private partnerships for the provision of international public goods and services.[20] Today, more than 30,000 international and community-based non-governmental organizations (NGOs) operate programs around the world. In the fields of economic development and humanitarian assistance alone, more than 4000 Northern-based NGOs disburse over \$4 billion in foreign aid. Approximately 60% of U.S. foreign disaster assistance is programmed through NGOs,[21] which are facing increased competition from for-profit companies interested in a share of the multi-billion dollar humanitarian industry. While contracting out is a well-known mechanism for improving efficiency and cost-effectiveness in the operations of national public sectors, almost no attention has been paid to the phenomena internationally.

In addition to contracting of services, there is a very strong effort to reach out to the corporate community. Both the United Nations and the World Bank now have fledgling corporate programs intended to induce financial contributions, to develop partnerships for the delivery of goods and services, or, in the case of the Global Compact launched two years ago by the UN Secretary-General at the World Economic Forum, to encourage business and industry to promote human rights, labor standards and environmental concerns in their for-profit activities. As important as these efforts are, they have not been accompanied as yet by any sharing of authority for agenda setting or policy-making or by the development of criteria to deal with potential conflicts-of-interest that may occur in the gray area between corporate interests and individual philanthropy.

Privatization of international affairs has taken a more dramatic turn with the direct funding of international activities by private individuals, as in the case of Ted Turner's \$1 billion gift over ten years to the United Nations, Bill Gates' support of the International AIDS Vaccine Initiative, and George Soros' extensive assistance to transitional countries in Eastern Europe and Central Asia.[22] These private gifts inevitably raise questions regarding the derogation of public responsibility as well as issues of possible special access and accountability, in this case for three corporate barons who all happen to be citizens of one country. Moreover, their extraordinary generosity notwithstanding, it would take two thousand Ted Turner's

each year to meet the \$200 billion in annual international public expenditures.

III. Shaping and Financing the International Public Sector

It is important that policy makers and the public focus more purposefully and pragmatically on the management and financing of the evolving international public sector and work to shape it so that it can respond effectively to changing needs. We need to examine in a disciplined way the vast array of institutions and functions that now comprise the international public sector; to determine those that are essential; and to figure out how to advance with key public and private-sector partners on the provision of those public goods that truly require broad-based multilateral cooperation. A critical part of this inquiry would be to ascertain how and where essential international public goods can best be provided and the most cost-effective ways to pay for them. This will entail a systematic review of existing multilateral organizations and what in fact they do deliver. It also will require further experimentation with new hybrid organizations that share interest and responsibilities in particular issue areas, such as the Global Environmental Facility that is co-managed by the United Nations Environment Program, the United Nations Development Program and the World Bank. And, it will demand innovative responses such as the public-private policy networks that are now emerging to assume many of the functions previously reserved to intergovernmental organizations.^[23] CIC's own recommendation to establish a Strategic Recovery Facility to ensure a more timely and effective response to peacebuilding in societies emerging from conflict follows this modality.

Of course, there will continue to be differences of opinion and interest concerning what constitutes a public good, who is entitled to it, and how the burdens should be apportioned in producing and providing it. Finding answers to these questions -- and agreement on effective solutions to the global problems that now reach across every country's borders -- will require a more open and inclusive dialogue among governments, corporations, international civil servants, NGOs and other members of civil society.^[24] A good place to begin is with the financial facts and figures that represent both the symbolic and real expression of intent in the allocation of public funds for international public goods and services.

Over the past year, staff at the Center on International Cooperation have begun the laborious process of estimating the size of public expenditures for international public goods and services provided multilaterally. After examining

the OECD data base and several national accounts, we concluded that the most efficient calculus would be to examine the revenues and expenditures of the major multilateral organizations. To do so, we surveyed some 300 intergovernmental organizations, both global and regional, in an effort to ascertain both aggregate expenditures and allocations by sector and region. In the end, we obtained budgetary data on 263 of the largest IGOs, providing the basis for a preliminary analysis of cost structures, sources of revenue and priorities with regard to resource allocations.

As suggested earlier, annual international public sector expenditures, which we estimate at some \$200 billion, including loans and credits, are not great in absolute or relative terms, representing approximately 10 percent of the 1999 U.S. federal budget and only 2/3ds of one percent of gross world product. Whether this level of expenditure is enough to do the job and to do it effectively are difficult questions to answer since no international public finance accounting system exists and, unlike the General Accounting Office in the US, there is no public audit of international public expenditures and their effectiveness.

Disaggregating these expenditures by region and sector, however, tell a remarkable story regarding priorities and gaps in the distribution of public goods and services by sector and by region. The lion's share of these expenditures, or about 40%, is spent by the European Union on agricultural subsidies and transfers to poorer countries within Europe. These expenditures, amounting to more than \$80 billion annually in recent years, dwarf the less than \$14 billion that multilateral organizations spent annually on other regional programs during the same period. To put these discrepancies in stark relief, sub-Saharan Africa received only \$267 million, or thirteen percent of funds available through multilateral agencies in 19---. Overall, multilateral organizations expended fourteen times more money in relation to Latin America and the Caribbean than Africa, which also trailed far behind Asia and the Middle East in international public sector largesse.

These regional discrepancies also have a profound impact on sectoral distribution. For example, slightly over half of all multilateral funding is earmarked for development cooperation, but this includes the huge intra-European agricultural subsidies and transfers. Exempt the intra-European expenditures, transfer payments from wealthier to poorer nations through multilateral organizations amounts to less than \$30 billion annually in recent years. Surprisingly, at nearly thirty percent of the total, regional cooperation accounts for the second largest category of multilateral expenditure. Expenditures through multilateral organizations for research and training in science and technology is approximately

eight percent of total annual expenditures, and human rights and humanitarian assistance amounts to little more than one percent. As a prime example of how the world is managing on the cheap, the entire international court system costs approximately \$500 million annually, with regional courts in the European Union and the ad hoc war crimes tribunals for the former Yugoslavia and Rwanda accounting for well over half of these expenditures.

The bulk of these funds come from relatively few sources – the EU, the United States, Japan and, to a lesser extent from other OECD countries. Some revenues are derived from interest payments on loans from the international financial institutions, and there are a few self-financing ventures such as the World Intellectual Property Organization and, perhaps eventually, the International Seabed Authority. However, it is clear that in terms of public finance a handful of major donors are determining the terms of trade in the international public sector. The Center on International Cooperation is seeking to undertake a systematic review of the cost structure of each of these areas of international public sector activity, their actual and potential sources of financing, and the legal and political issues that surround them. It is important that these facts be on the table in order to stimulate a more informed debate about the costs of providing essential goods and services internationally and the most effective means for their provision.

These facts and figures are also important in assessing the various proposals for alternative sources of financing that emanate from concerns that certain categories of international public goods and services suffer shortfalls and unpredictability in funding. In recent years, several such proposals have been put forward to finance these goods and services through taxes or user fees on international commercial activities, including trade and foreign exchange transactions; through charges for use or despoliation of the global commons; or through increased liquidity supplied by the International Monetary Fund through sale of gold reserves or new allocations to the fund for Special Drawing Rights. Other less developed proposals include charges for access to the Internet, levies on the price of aviation fuel, UN and airline lotteries, a tax on passports, and the use of seized proceeds from international crime.

These proposals are highly controversial. In addition to citing exaggerated levels of current international expenditures, critics argue that many of the proposals would infringe on national sovereignty, run counter to free market principles, and be logistically difficult and costly to implement. Others say that independent financing would make the UN less accountable to member countries. They point to the experience of the World Intellectual Property Organization, which collects half

of its revenue through fees from private owners of industrial property rights that use WIPO services. Many WIPO member governments have complained that the organization's director general is too independent and that they have lost control of the agency's agenda, even though half of WIPO's budget comes from member governments. Still other critics are concerned about the issue of taxation without representation, although revenues collected through national agencies could make them more subject to public scrutiny and oversight than the current methods for transferring funds from national budgets.

Some proponents of alternative financing measures say that for such proposals to overcome sovereignty and market efficiency concerns, the taxes or fees would have to be low enough so as to have a negligible impact on markets and commerce. They would also need to be collected by national governments rather than by the United Nations directly. Further, any burdens would have to be shared equitably among countries and revenues would have to be earmarked for specific, internationally recognized needs for example a carbon tax that would be used to mitigate effects of global warming, a tax on arms trade for peacekeeping, or seized assets from international criminal activity applied to the costs of maintaining the international court system.

To make any of these propositions more palatable, however, will require a prior assessment of current expenditures against a measure of outcomes in each sector. While a sector by sector audit would be an advance over current speculation, a cross-sectoral and comparative analysis of expenditures would allow for a more systematic sharing of experiences and best-practices from one area to another.

IV. A special responsibility for the United States.

Because of its unprecedented economic, political and military presence, U.S. interests cut across and ultimately influence the full range of international issue areas. It therefore has both a responsibility and a sound rationale to play a leading role in helping to fashion the multilateral architecture for the new century. The choice is not to lead or be left behind. Whether or not the U.S. is party to a land mines treaty, the Kyoto protocols or the International Criminal Court, they become part of the international framework in which it must operate.

There are both material and normative reasons for the U.S. to seize the initiative to help shape this new global architecture. First, financial crises, extreme

poverty, environmental degradation, and regional conflicts, no matter how distant, all have a direct affect on our shores. Add to these the looming dangers posed by terrorism and infectious diseases, and the case for the cooperative management of global problems becomes abundantly clear. As Stewart Patrick notes,

For all its overwhelming power, the United States cannot by itself stem the proliferation of weapons of mass destruction, preserve regional stability, enforce international law and human rights standards, maintain an open and nondiscriminatory trading system, ensure the stability and liquidity of global financial markets, protect the “global commons,” stop global warming, stem transnational trafficking in narcotics, thwart organized crime syndicates, slow global population growth, regulate immigration flows, respond to humanitarian catastrophes, stem pandemics, or promote sustainable development.[25]

Second, the processes of decentralization described earlier require the United States to deal both with a larger number of members in existing global institutions as well as with a far larger and more diverse set of institutional actors on the world stage. How the United States chooses to deal with these changes will greatly affect the efficacy of multilateralism as well as matters of equity and universality in the distribution of global goods. It is no longer possible for the U.S. to control the agenda, either in the current global institutions or in closed negotiations among a small number of powerful players, like the G-8. Rather, future multilateralism will need to rely on more open and inclusive frameworks. The United States should take the lead in promoting an international dialogue on the subject, encouraging creative discussion on the shape and scope of the international public sector. That will require the U.S. to work closely with both traditional allies and a range of other states, with regional and sub-regional organizations, and with the non-state actors now active in international affairs, including NGOs, transnational social movements, and multinational corporations.

As *Global Trends 2015* notes, the U.S. will have to heed the advice not only of a few powerful states like Russia and China, but also of other emerging players, such as India, Mexico and Brazil.[26] These countries are demanding more of a voice in the international system, and the U.S. will need increasingly to rely on them, not as clients but as partners seeking common solutions to common problems. As Jacobson points out in chapter 16, developing countries’ demands for shared benefits, say from research in biotechnology, are likely to increase and may be more effective in the future. And the interests of these countries in achieving

quids-pro-quo in Kyoto-like protocols and negotiations at the WTO and other inter-governmental venues will become more difficult to dismiss, especially as the U.S. grows to rely on them for (among other things) genetic source material, access to territorial waters and sea lanes, and markets for U.S. exports.

The United States, true to its democratic and pluralist ideals, also should work with other democratic states to make the conduct of international affairs more open and accountable; to ensure that interactions between policy makers and the public are more than testy encounters; and to develop modalities of “global governance” that extend beyond the passive consent of the governed to include their active participation. This is a process that needs to begin at home with Congress and the executive branch demonstrating leadership before the American public. It has become commonplace in the United States to say that domestic political interests trump international concerns. But the dividing line between domestic and international is fast disappearing, and it is the ultimate deceit to play the one off against the other.

Of course, multilateralism is but one of a range of strategies that countries employ in pursuit of international goals and international problem solving, and the United States as a particularly powerful nation, has the luxury of employing it selectively. It can choose among global and regional alternatives and between formal and informal mechanisms to achieve different ends in different functional areas. Conditioned by ideas of cultural and historical *exceptionalism* as well as domestic political constraints, the U.S. has evidenced substantial ambivalence in its use of multilateralism, especially when it binds the U.S. to the will of others and limits its scope for independent action. For the most part, however, the United States has recognized the functional benefits of multilateral cooperation. Indeed, no country has championed multilateral institutions more than the United States or used them more effectively in the advancement of long-term national interests.

The United States is unlikely to move forward in developing more effective responses to the collective action problems the world now faces if it finds itself stuck in an endless foreign policy debate over the wisdom of unilateral vs. multilateral approaches, or what constitutes the “national interest.” There may well be instances when the national interest calls for unitary action, but there will increasingly be others in which the national interest is coterminous with the global common good. If it is to be prepared for these inevitabilities, the U.S. needs to develop a far more coherent and systematic policy approach to the management and financing of the international public sector.

V. Conclusions

To say that the U.S. should play a leading role in helping to shape the international public sector is not to say that it should play a singular role. Indeed, as the foregoing should make clear, managing the response to global and transnational problems requires collaboration among many actors, including richer and poorer states, global and regional inter-governmental agencies, non-governmental organizations, and corporate and civil society entities. Unfortunately, while the solution to today's problems cry out for shared leadership, contested leadership – often in opposition to U.S. policies -- seems to be the organizing principle of the day. This is likely to increase if indeed the U.S. insists on doing the world's business in an ad hoc and narrowly-defined interest driven manner under the casual policy rubric of “a la carte multilateralism.”^[27] A more consequential public policy is needed for these inchoate times. Recognizing the existence of the international public sector and working collaboratively to improve its capacity to deliver essential public goods and services would be a good place to start.

⋪ This paper was prepared for a August 30-31, 2001 meeting of the Centre on Global Studies, the University of Victoria. It draws on the author's concluding essay, “Multilateralism as a Matter of Fact: U.S. Leadership and the Management of the International Public Sector,” in Stewart Patrick and Shepard Forman, eds., *Multilateralism and U.S. Foreign Policy*, Lynne Rienner Publishers, forthcoming, Fall, 2001. I am grateful to Maurizio Iacopetta for his analysis of international public expenditures and to Charles Graybow for general research assistance and for his review of the literature on alternative sources of financing.

[1] Union of International Associations, *Yearbook of International Organizations, 2000-2001*, p.2406. Calculations by the Center on International Cooperation, at New York University, suggest that the U.S. is signatory to about 7% of the intergovernmental bodies and to more than 5,000 conventions and treaties, including bilateral agreements. Over 500 conventions and treaties are deposited with the UN Secretary-General. United Nations, *Millennium Summit Multilateral Treaty Framework*. Bowen & Harris, *Multilateral Treaties Index and Current Status* (1984), Annual supplement 2000 lists multilateral treaties.

[2] The Center on International Cooperation has identified 26 areas of multilateral cooperation, which it groups into 7 major sectors: economic development; economic and political cooperation; social development; international law; security; science, technology and communications; and the environment. This public sector consists of some 1,800 intergovernmental organizations, at least 200 of them operating at the regional level; tens of thousands of international civil servants; and equal numbers of private voluntary agencies and their staffs. The Center estimates that the annual expenditures of international organizations amount to approximately \$200 billion (excluding loan disbursements).

[3] These architectural shifts are occurring differentially across the world's regions, most aggressively in Europe and Africa where there has been a multiplication of regional and subregional organizations, as well as across sectors. It is most evident in peacekeeping, but has begun to occur in the fields of humanitarian assistance, human rights, environmental management, and international crime control, and has been broached as a modality for dealing with financial crises. It is also reflected in debates on regional trade associations as "building blocks" or "stumbling blocks" on the way to global markets.

[4] The Global Public Policy website, www.globalpublicpolicy.net, describes a diverse number of these public private collaboratives, including the World Commission on Dams, Global Networks for Democracy Promotion, and Jubilee 2000. Our own Center has proposed the creation of a Strategic Recovery Facility that would have at hand the expertise and financial resources necessary for reconstructing war-torn societies, economies and polities. See Forman, Patrick and Salomons. "Recovering From Conflict: Strategy For An International Response."

[5] Slaughter, "The Real New World Order."

[6] Kaul, Grunberg, and Stern, *Global Public Goods*.

[7] Forman and Patrick, eds., *Good Intentions*.

[8] Kaul, Grunberg, and Stern, eds., *Global Public Goods*; Kanbur and Sandler, *The Future of Development Assistance*.

[9] Reinicke, *Global Public Policy*.

[10] Cite Mendez, others

[11] A recent example can be found in the debates surrounding the "Report of the Panel on United Nations Peace Operations," the so-called Brahimi report, which was endorsed by the Security-Council with much prodding from the Permanent Representative of the United States, Richard Holbrooke, but seriously eviscerated by the General Assembly.

[12] The Center is undertaking a broad-based policy research effort on the roles of regional and sub-regional organizations as public goods providers. See Graybow, Iacopetta and O'Brien, "A Geographically Based Introduction to Regional Intergovernmental Organizations," and Graybow and O'Brien, "Review of Research: Regional Organizations and their Roles in Peace and Security, Humanitarian Assistance, Human Rights and Democracy Promotion, Center on International Cooperation working papers available at www.cic.nyu.edu/publications

[13] Regional organizations are most developed in Europe. They have proliferated in Africa, and are present in significant numbers in Latin America and the Caribbean. Their absence is most notable in Asia.

[14] "An Interregnum for Globalism," a talk given at a colloquium on Managing Global Issues, Carnegie Endowment for International Peace, 2000. Available on the Center on International Cooperation website at <www.cic.nyu.edu>

[15] Lancaster, "Redesigning Foreign Aid", p.80. The coordination efforts should be pressed within the OECD's Development Assistance Committee.

[16] Kanbur and Sandler, *The Future of Development Assistance*, p. 2.

[17] A one-percent diminution in African governments military expenditures would yield \$150 million for development purposes (see O'Briend,), a sum larger than the annual expenditure of the African Development Bank and more than half of the annual multilateral assistance targeted to sub-Saharan Africa.

[18] Florini, ed., *The Third Force*; Mathews, “Delinquent Diplomacy.”

[19] These NGO forums -- on the environment, population and development, social development, human rights, women rights and human habitats -- did a great deal to establish non-state actors as serious players in international affairs who were often able, either as members of country delegations or through extensive lobbying, to advocate for progressive ideas and programs.

[20] Austin, *The Collaboration Challenge*; Levy, *Give and Take*.

[21] Forman and Stoddard, “International Assistance.”

[22] It is interesting to note that these three most visible players are all U.S. citizens with global commercial interests. Moreover, to meet the estimated \$300 billion estimated annual costs of the international public sector would require three thousand gifts of the size of Ted Turner’s!

[23] See Reinicke, *op cit*. Also, visit the website of the Centre for Global Studies, University of Victoria, at <<http://www.globalcentres.org>>.

[24] UNAIDS is the only UN organization in which NGOs sit on the Executive Board. The participating NGOs are selected by regional NGO bodies and rotate every few years. The Gates Foundation is represented on the WHO vaccine program board, and both the Ford and Rockefeller foundations are members of the International Agriculture Research Centers chaired by the World Bank.

[25] Patrick, “America’s Retreat from Multilateral Engagement,” p. 439.

[26] Global Trends 2015.

[27] Richard Haass, describing the Bush approach to U.S. Foreign Policy, quoted in Thom Shanker, “Spinning a la mode,” New York Times, Week in Review, August 5, 2001, p. 5.

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Draft- August 6, 2001

A Manageable World: Taking Hold of the International Public Sector

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I. Defining the International Public Sector

Multilateral cooperation has been a hallmark of the 20th Century, an historic reckoning of the nation state with a growing number of transnational economic, social and security issues and increased interstate interdependence.

During the last hundred years, and especially since World War II, sovereign countries acceded to thousands of bilateral and multilateral treaties and established layers of global and regional organizations to monitor these agreements and to fulfill their goals. By the beginning of this new century, over two thousand multilateral agreements had been negotiated and more than 1800 intergovernmental bodies were operating at various levels of vitality.[1]

This broad pattern of post-war international policy set in motion a development of profound global importance: the gradual emergence of a substantial international public sector that today affects virtually every aspect of international affairs and domestic well being around the globe.[2] The composition of this international public sector is heterogeneous and evolving. It consists of a broad array of institutions and actors that set the legal and normative framework for the conduct of international affairs and also provide a range of goods and services on which people around the world have come to depend. These institutions range from larger global organizations that are household names, such as the UN and the World Bank, to small, somewhat obscure regional organizations consisting of just a few member countries, such as the West African Health Community. Together with a rapidly growing number of non-governmental and private sector organizations, they provide the frameworks and processes for functional international cooperation in diverse fields, ranging from peace and security to trade and finance, environmental management, human rights, education, law enforcement, health, science and technology, and the use of the global commons.

This global architecture designed to govern these multiple spheres of international cooperation is undergoing considerable change. It is at once decentralizing as global multilateral organizations seek to devolve a set of peacekeeping and development functions and as regional and sub-regional organizations claim to assume more responsibility for the provision of these and other goods and services;[3] and it is privatizing as non-state actors increase their interest and influence in international affairs. These two sets of changes – decentralization and privatization – run counter to the trends of homogenization, universalism and great power domination that characterized the intergovernmental system over the past half-century. Instead they represent patterns of fragmentation, regionalism and a potential for heightened competition that are profoundly altering the conduct of international affairs in the undefined space created by the end of the Cold War.

While multilateral organizations account for the lion's share of international public expenditures, international public sector activity increasingly occurs outside the institutional framework of global and regional organizations, including bilateral assistance. It emerges in diverse intergovernmental mechanisms for promoting policy objectives among "like-minded" states, such as the G-24 and the G-8, and in the "coalitions of the willing" on which much of peacekeeping has come to depend. It also manifests itself through the kinds of public-private partnerships that Wolfgang Reinicke identifies as functionally based public policy networks,[4] and in the transnational networks of public servants described by Anne Marie Slaughter.[5] Moreover, it exists in the growing expectations of individuals

and non-governmental organizations around the globe that have come to believe that the “international system” has an obligation – and should have the capacity -- to respond to a range of needs that individual governments can no longer or lack the will to meet.

There are few if any studies that examine the structure, organization, governance and financing of the international public sector per se. Most treatments of the subject focus either on defining the nature of international public goods and services -- that is, identifying those activities that qualify for the label [6] --or on assessing the structure and performance of particular international organizations tasked with providing these goods -- that is, examining their capacity to deliver.[7] A few more recent studies have begun to consider whether these public goods are most effectively provided at the national, regional or global level [8] and what roles the private sector should play in their delivery.[9] Although there is a growing literature on alternative sources of financing, much of it devoted to advocacy for particular schemes or sectors, the field of international public finance is almost non-existent.[10]

The Center on International Cooperation at New York University, a policy research institute that examines the legal, political, financial and management issues that impede or advance multilateral action, has been mapping the international public sector over the last several years. An initial survey identified more than twenty areas of broad-based international cooperative activity, taking note of their goals and beneficiaries, the institutions and actors involved in their fulfillment, costs and sources of financing, methods of action, and performance. These have been grouped into 6 major categories of international public goods and services: (1) Political and Administrative Cooperation, including arms control and peace operations; (2) International Justice and Law, including international crime control; (3) International Cooperation for Development, which includes social and economic development assistance, trade and monetary cooperation; (4) Regional Cooperation; consisting of various regional and sub-regional economic integration organizations and the UN regional economic commissions; (5) Science, Technology and Education, including research and development as well as training activities; and (6) Human Rights and Humanitarian Affairs, comprised of a set of global and regional agencies, committees and treaty bodies providing protection and services to refugees, displaced persons and victims of human rights abuse.

Some of these goods and services are the product of binding international treaties; others are obligations implied by less formal international norms; and still others reflect mere aspirations. Some of them, such as those provided by international postal agreements or the International Meteorological Organization, are by and large simply taken for

granted, since they serve rather technical ends and proceed in fairly neutral contexts. Others, such as peacekeeping and humanitarian assistance, are highly politicized and often contested. In all cases, national interest calculations intervene, either in claims to sovereignty or in anticipated gains and losses in the global bargain that these arrangements represent. Yet, this international public sector persists and expands. In addition to the formal institutions established by states, it has come to include a broad range of non-state actors, both corporate and not-for-profit.

Contrary to generally held opinion, costs are not high. Preliminary research suggests that the goods and services provided by the major inter-governmental organizations demand annual public expenditures approximating \$200 billion – a modest amount in relation to most national accounts, yet significant enough to warrant more careful evaluation and better accountability than is now the case.

Policy makers and the general public are only beginning to appreciate the dimensions and implications of this international public sector. Yet, it grows in importance as accelerated globalization and ever-increasing transnational phenomena create greater interdependence among states, none of which are able to take full advantage of new opportunities or address new problems on their own. It also takes on greater significance in relation to shifting ideas about the nature of sovereignty and citizenship over which intergovernmental bodies – often prompted by transnational civil advocacy groups -- are claiming broader writ to intervene in domestic situations, such as human rights abuses or forced migrations, that spill over borders and destabilize neighbors and regions.

These and other changes in the international operating environment, in particular the increased roles of regional and sub-regional organizations and non-state actors, are prompting considerable debate on the legal, political and ethical dimensions of international public policy. What is less in evidence are much-needed efforts to address in a pragmatic and systematic way the structure, functions, governance and financing of the international public sector per se. While various efforts are underway to promote reforms within specific multilateral organizations, such as the UN, the World Bank and the IMF, a broader examination of the constituent parts of the international public sector, their cost structures and their capacity to deliver needs to be undertaken if the sector is to respond effectively to the growing global needs and opportunities that no single nation, not even the world's most powerful, can attend to on its own.

II. Tracking Changes in the Global Architecture: Institutions and Processes

Most of the architecture for managing and financing the international public sector was developed in the

aftermath of World War II with a set of global organizations, particularly the United Nations and the Bretton Woods institutions, being masterminded by the victors to ensure a stable and peaceful political and economic environment. These global institutions were accompanied by similar-purpose regional organizations in Western Europe, in Africa in the wake of decolonization, and in Latin America. For a variety of reasons, in part reflecting the strength of regional hegemony and dominant U.S. interests, Asia remained largely exempt from these trends, while Eastern bloc countries were drawn into multilateral organizations that largely served Soviet interests. All of these organizations, global and regional alike, are undergoing a set of important shifts as an increased number of state and non-state actors alter the structure of demand for goods and services in the aftermath of the Cold War.

The number of sovereign states has increased significantly as a result of decolonization and the break-up of the Soviet Union. These new states place increasing demands on international organizations to meet an ever-widening set of expectations for goods and services. They also dramatically increase the membership of multilateral organizations and seek to alter their decision-making procedures in ways that would countermand weighted voting in the financial institutions and the use of the veto in the UN Security Council. While their intention is to share in the authority that previously rested with a few key states, their assertiveness has made consensus difficult. For example, they have blocked some peacekeeping and humanitarian assistance programs which they deem "interventionist," thereby reinforcing still prevalent perceptions of a North-South divide[11] that in fact belie the diverse interest configurations that increasingly emerge in among developed and developing states.

These shifting interest alignments notwithstanding, a rather generalized dissatisfaction with the decision-making arrangements of global multilateral organizations has set in among developed and developing countries alike, resulting in weakened political and financial support for them, as well as in a growing interest in devolving responsibility to regional and sub-regional organizations. For developed countries, this dissatisfaction is most evident in the well-publicized U.S. pattern of late payments and arrears, but is manifest overall in the tight operating budgets under which most international organizations are forced to work and in the use of bilateral assistance and special trust funds to advance particular states' objectives..

At the same time, the failure of global multilateral organizations to meet the demands made on them by many of their member states -- coupled with the desire of weaker states to control the international agenda in smaller, more proximal institutions -- has led to the establishment of a large number of regional and sub-regional organizations. Most

of these organizations were founded largely with economic integration objectives but are increasingly asserting their authority over activities that affect their member states, especially in social and political areas such as peacekeeping and humanitarian assistance.[12] While regional organizations and the principle of subsidiarity – attending to problems closer to their source – are envisioned in the UN Charter, the effective relationship between these layers of organizations needs still to be worked out. Moreover, the number and effectiveness of these organizations varies considerably across regions and by sector.[13]

Elsewhere, I have argued that the world may be heading toward an interregnum in the trend toward globalism, a period in which regionalism and sub-regionalism will be the organizing principle for multilateral action.[14] Across the board, in areas as diverse as economic development humanitarian assistance, peacekeeping and even the management of financial crises, a discussion is proceeding rather quickly – and without sufficient consideration of its ramifications – about shifting responsibility from global to regional and sub-regional organizations. This shift is being driven in large part by cost-containment and burden-sharing imperatives and has serious implications for issues of governance, participation, standards and equity.

In order to ensure that decentralization does not result in simple burden-shifting, major donors and better-endowed countries in each region need to ensure that regional and sub-regional organizations have the resources they need to meet adequately the responsibilities they are increasingly being asked (or in some cases desire) to assume. Otherwise, divergences and inequities are likely to increase in the provision of international public goods and services between rich regions and poor ones, with potentially calamitous social and political consequences.

To avoid these regional inequities, the OECD countries need to formulate a new approach to development assistance that goes beyond current bilateral modalities to include far greater coordination between and among national aid agencies, the various UN development and humanitarian assistance agencies, the international financial institutions, including the regional development banks, and non-state actors, both commercial and voluntary.[15] Most importantly, the subsidiarity principle needs to be applied in a way that truly vests responsibility and accountability in those regional and sub-regional actors (including the recipients themselves) that are closer to the problems being addressed and better able to deal with their cross-border implications.[16] This must include some consideration of the appropriate use of local assets,[17] and a level of conditionality for the accountable use of revenues freed up by debt relief, as posited by Oxfam and other organizations concerned with poverty alleviation and sustainable development. Nothing short of a

radical reformulation of the concept and practice of overseas development assistance will reverse the tide of diminishing international aid.

Just as these shifts in the fortunes of intergovernmental organizations are taking place, a second major change in the international operating environment is occurring as non-state actors seek to extend their influence and the effectiveness of their advocacy roles. Transnational corporations, non-governmental organizations and civil society movements, have become major players in the global marketplace.[18] This private sector, including both its profit-making and not-for-profit components, accounts for a vast number of the international transactions that drive globalization and interdependence, even while the inter-governmental organizations and mechanisms established to manage such transactions continue to be dominated by states, many of which remain suspicious of NGO participation.

For their part, multilateral organizations find themselves caught between the coveted principle of state sovereignty and the permeability that globalization brings to their members' borders. An increasing number of the multilateral responses to conflicts in recent years have their roots in the advocacy activities of these transnational humanitarian, human rights and environmental activists, who call international attention to events previously considered to be within the sole purview of the nation-state. The capacity of these NGOs (and individuals) to influence public policy debates is evident in the recent mobilization efforts to establish an International Criminal Court, to ban landmines, and to reprogram the WTO and Bretton Woods institutions to cope with the detrimental effects of globalization. Loosely organized as transnational movements, they are placing increased performance demands on inter-governmental organizations, and they are setting a reform agenda that is having some effect on the ways in which these organizations set their policies and programs. Of course, their influence is felt in diverse ways as the anti-gun control lobby has demonstrated in the course of recent international talks on limiting the trade in small arms.

The potential ramifications of these advocacy activities increase, however, as NGOs and other civil society actors clamor to extend democratic principles to the conduct of international affairs and, particularly, to the decision-making chambers of multilateral organizations. Since calls to establish citizen bodies within the UN and other multilateral agencies are unlikely to be accommodated by those state-based organizations anytime soon, other, more collaborative channels will have to be developed. The NGO forums that ran parallel to the UN conferences during the 1990s represent one such modality, although access to them was limited and they tended to be dominated by a few wealthier and western-based NGOs.[19] The recent invitations to a few humanitarian, peace and HIV/AIDS

organizations to speak before the Security Council advance the process further, but are too limited in frequency and represent opportunities for a few well-chosen NGOs to present their viewpoints rather than a broader opening for participation in decision-making. The aforementioned public-private policy networks may well present the most effective means to date to involve non-governmental actors more directly in the formulation and implementation of international public policy.

The 1990s were marked by an increasing privatization of international affairs. This takes the form of contracting NGO services by national governments and intergovernmental organizations, as well as efforts to extend traditional corporate philanthropy and new ideas about corporate social responsibility into formal public-private partnerships for the provision of international public goods and services.[20] Today, more than 30,000 international and community-based non-governmental organizations (NGOs) operate programs around the world. In the fields of economic development and humanitarian assistance alone, more than 4000 Northern-based NGOs disburse over \$4 billion in foreign aid. Approximately 60% of U.S. foreign disaster assistance is programmed through NGOs,[21] which are facing increased competition from for-profit companies interested in a share of the multi-billion dollar humanitarian industry. While contracting out is a well-known mechanism for improving efficiency and cost-effectiveness in the operations of national public sectors, almost no attention has been paid to the phenomena internationally.

In addition to contracting of services, there is a very strong effort to reach out to the corporate community. Both the United Nations and the World Bank now have fledgling corporate programs intended to induce financial contributions, to develop partnerships for the delivery of goods and services, or, in the case of the Global Compact launched two years ago by the UN Secretary-General at the World Economic Forum, to encourage business and industry to promote human rights, labor standards and environmental concerns in their for-profit activities. As important as these efforts are, they have not been accompanied as yet by any sharing of authority for agenda setting or policy-making or by the development of criteria to deal with potential conflicts-of-interest that may occur in the gray area between corporate interests and individual philanthropy.

Privatization of international affairs has taken a more dramatic turn with the direct funding of international activities by private individuals, as in the case of Ted Turner's \$1 billion gift over ten years to the United Nations, Bill Gates' support of the International AIDS Vaccine Initiative, and George Soros' extensive assistance to transitional countries in Eastern Europe and Central Asia.[22] These private gifts inevitably raise questions regarding the

derogation of public responsibility as well as issues of possible special access and accountability, in this case for three corporate barons who all happen to be citizens of one country. Moreover, their extraordinary generosity notwithstanding, it would take two thousand Ted Turner's each year to meet the \$200 billion in annual international public expenditures.

III. Shaping and Financing the International Public Sector

It is important that policy makers and the public focus more purposefully and pragmatically on the management and financing of the evolving international public sector and work to shape it so that it can respond effectively to changing needs. We need to examine in a disciplined way the vast array of institutions and functions that now comprise the international public sector; to determine those that are essential; and to figure out how to advance with key public and private-sector partners on the provision of those public goods that truly require broad-based multilateral cooperation. A critical part of this inquiry would be to ascertain how and where essential international public goods can best be provided and the most cost-effective ways to pay for them. This will entail a systematic review of existing multilateral organizations and what in fact they do deliver. It also will require further experimentation with new hybrid organizations that share interest and responsibilities in particular issue areas, such as the Global Environmental Facility that is co-managed by the United Nations Environment Program, the United Nations Development Program and the World Bank. And, it will demand innovative responses such as the public-private policy networks that are now emerging to assume many of the functions previously reserved to intergovernmental organizations.[23] CIC's own recommendation to establish a Strategic Recovery Facility to ensure a more timely and effective response to peacebuilding in societies emerging from conflict follows this modality.

Of course, there will continue to be differences of opinion and interest concerning what constitutes a public good, who is entitled to it, and how the burdens should be apportioned in producing and providing it. Finding answers to these questions -- and agreement on effective solutions to the global problems that now reach across every country's borders -- will require a more open and inclusive dialogue among governments, corporations, international civil servants, NGOs and other members of civil society.[24] A good place to begin is with the financial facts and figures that represent both the symbolic and real expression of intent in the allocation of public funds for international public goods and services.

Over the past year, staff at the Center on International Cooperation have begun the laborious process of estimating the size of public expenditures for international public goods and services provided multilaterally. After examining the OECD data base and several national accounts, we concluded that the most efficient calculus would be to examine the revenues and expenditures of the major multilateral organizations. To do so, we surveyed some 300 intergovernmental organizations, both global and regional, in an effort to ascertain both aggregate expenditures and allocations by sector and region. In the end, we obtained budgetary data on 263 of the largest IGOs, providing the basis for a preliminary analysis of cost structures, sources of revenue and priorities with regard to resource allocations.

As suggested earlier, annual international public sector expenditures, which we estimate at some \$200 billion, including loans and credits, are not great in absolute or relative terms, representing approximately 10 percent of the 1999 U.S. federal budget and only 2/3ds of one percent of gross world product. Whether this level of expenditure is enough to do the job and to do it effectively are difficult questions to answer since no international public finance accounting system exists and, unlike the General Accounting Office in the US, there is no public audit of international public expenditures and their effectiveness.

Disaggregating these expenditures by region and sector, however, tell a remarkable story regarding priorities and gaps in the distribution of public goods and services by sector and by region. The lion's share of these expenditures, or about 40%, is spent by the European Union on agricultural subsidies and transfers to poorer countries within Europe. These expenditures, amounting to more than \$80 billion annually in recent years, dwarf the less than \$14 billion that multilateral organizations spent annually on other regional programs during the same period. To put these discrepancies in stark relief, sub-Saharan Africa received only \$267 million, or thirteen percent of funds available through multilateral agencies in 19--. Overall, multilateral organizations expended fourteen times more money in relation to Latin America and the Caribbean than Africa, which also trailed far behind Asia and the Middle East in international public sector largesse.

These regional discrepancies also have a profound impact on sectoral distribution. For example, slightly over

half of all multilateral funding is earmarked for development cooperation, but this includes the huge intra-European agricultural subsidies and transfers. Exempt the intra-European expenditures, transfer payments from wealthier to poorer nations through multilateral organizations amounts to less than \$30 billion annually in recent years. Surprisingly, at nearly thirty percent of the total, regional cooperation accounts for the second largest category of multilateral expenditure. Expenditures through multilateral organizations for research and training in science and technology is approximately eight percent of total annual expenditures, and human rights and humanitarian assistance amounts to little more than one percent. As a prime example of how the world is managing on the cheap, the entire international court system costs approximately \$500 million annually, with regional courts in the European Union and the ad hoc war crimes tribunals for the former Yugoslavia and Rwanda accounting for well over half of these expenditures.

The bulk of these funds come from relatively few sources – the EU, the United States, Japan and, to a lesser extent from other OECD countries. Some revenues are derived from interest payments on loans from the international financial institutions, and there are a few self-financing ventures such as the World Intellectual Property Organization and, perhaps eventually, the International Seabed Authority. However, it is clear that in terms of public finance a handful of major donors are determining the terms of trade in the international public sector. The Center on International Cooperation is seeking to undertake a systematic review of the cost structure of each of these areas of international public sector activity, their actual and potential sources of financing, and the legal and political issues that surround them. It is important that these facts be on the table in order to stimulate a more informed debate about the costs of providing essential goods and services internationally and the most effective means for their provision.

These facts and figures are also important in assessing the various proposals for alternative sources of financing that emanate from concerns that certain categories of international public goods and services suffer shortfalls and unpredictability in funding. In recent years, several such proposals have been put forward to finance these goods and services through taxes or user fees on international commercial activities, including trade and foreign exchange transactions; through charges for use or despoliation of the global commons; or through increased liquidity supplied by the International Monetary Fund through sale of gold reserves or new allocations to the fund for Special Drawing Rights. Other less developed proposals include charges for access to the Internet, levies on the price of aviation fuel, UN and airline lotteries, a tax on passports, and the use of seized proceeds from international crime.

These proposals are highly controversial. In addition to citing exaggerated levels of current international expenditures, critics argue that many of the proposals would infringe on national sovereignty, run counter to free market principles, and be logistically difficult and costly to implement. Others say that independent financing would make the UN less accountable to member countries. They point to the experience of the World Intellectual Property Organization, which collects half of its revenue through fees from private owners of industrial property rights that use WIPO services. Many WIPO member governments have complained that the organization's director general is too independent and that they have lost control of the agency's agenda, even though half of WIPO's budget comes from member governments. Still other critics are concerned about the issue of taxation without representation, although revenues collected through national agencies could make them more subject to public scrutiny and oversight than the current methods for transferring funds from national budgets.

Some proponents of alternative financing measures say that for such proposals to overcome sovereignty and market efficiency concerns, the taxes or fees would have to be low enough so as to have a negligible impact on markets and commerce. They would also need to be collected by national governments rather than by the United Nations directly. Further, any burdens would have to be shared equitably among countries and revenues would have to be earmarked for specific, internationally recognized needs for example a carbon tax that would be used to mitigate effects of global warming, a tax on arms trade for peacekeeping, or seized assets from international criminal activity applied to the costs of maintaining the international court system.

To make any of these propositions more palatable, however, will require a prior assessment of current expenditures against a measure of outcomes in each sector. While a sector by sector audit would be an advance over current speculation, a cross-sectoral and comparative analysis of expenditures would allow for a more systematic sharing of experiences and best-practices from one area to another.

IV. A special responsibility for the United States.

Because of its unprecedented economic, political and military presence, U.S. interests cut across and ultimately influence the full range of international issue areas. It therefore has both a responsibility and a sound rationale to play a leading role in helping to fashion the multilateral architecture for the new century. The choice is not to lead or be left behind. Whether or not the U.S. is party to a land mines treaty, the Kyoto protocols or the International Criminal

Court, they become part of the international framework in which it must operate.

There are both material and normative reasons for the U.S. to seize the initiative to help shape this new global architecture. First, financial crises, extreme poverty, environmental degradation, and regional conflicts, no matter how distant, all have a direct affect on our shores. Add to these the looming dangers posed by terrorism and infectious diseases, and the case for the cooperative management of global problems becomes abundantly clear. As Stewart Patrick notes,

For all its overwhelming power, the United States cannot by itself stem the proliferation of weapons of mass destruction, preserve regional stability, enforce international law and human rights standards, maintain an open and nondiscriminatory trading system, ensure the stability and liquidity of global financial markets, protect the “global commons,” stop global warming, stem transnational trafficking in narcotics, thwart organized crime syndicates, slow global population growth, regulate immigration flows, respond to humanitarian catastrophes, stem pandemics, or promote sustainable development.[25]

Second, the processes of decentralization described earlier require the United States to deal both with a larger number of members in existing global institutions as well as with a far larger and more diverse set of institutional actors on the world stage. How the United States chooses to deal with these changes will greatly affect the efficacy of multilateralism as well as matters of equity and universality in the distribution of global goods. It is no longer possible for the U.S. to control the agenda, either in the current global institutions or in closed negotiations among a small number of powerful players, like the G-8. Rather, future multilateralism will need to rely on more open and inclusive frameworks. The United States should take the lead in promoting an international dialogue on the subject, encouraging creative discussion on the shape and scope of the international public sector. That will require the U.S. to work closely with both traditional allies and a range of other states, with regional and sub-regional organizations, and with the non-state actors now active in international affairs, including NGOs, transnational social movements, and multinational corporations.

As Global Trends 2015 notes, the U.S. will have to heed the advice not only of a few powerful states like Russia and China, but also of other emerging players, such as India, Mexico and Brazil.[26] These countries are demanding more of a voice in the international system, and the U.S. will need increasingly to rely on them, not as clients

but as partners seeking common solutions to common problems. As Jacobson points out in chapter 16, developing countries' demands for shared benefits, say from research in biotechnology, are likely to increase and may be more effective in the future. And the interests of these countries in achieving quids-pro-quo in Kyoto-like protocols and negotiations at the WTO and other inter-governmental venues will become more difficult to dismiss, especially as the U.S. grows to rely on them for (among other things) genetic source material, access to territorial waters and sea lanes, and markets for U.S. exports.

The United States, true to its democratic and pluralist ideals, also should work with other democratic states to make the conduct of international affairs more open and accountable; to ensure that interactions between policy makers and the public are more than testy encounters; and to develop modalities of "global governance" that extend beyond the passive consent of the governed to include their active participation. This is a process that needs to begin at home with Congress and the executive branch demonstrating leadership before the American public. It has become commonplace in the United States to say that domestic political interests trump international concerns. But the dividing line between domestic and international is fast disappearing, and it is the ultimate deceit to play the one off against the other.

Of course, multilateralism is but one of a range of strategies that countries employ in pursuit of international goals and international problem solving, and the United States as a particularly powerful nation, has the luxury of employing it selectively. It can choose among global and regional alternatives and between formal and informal mechanisms to achieve different ends in different functional areas. Conditioned by ideas of cultural and historical exceptionalism as well as domestic political constraints, the U.S. has evidenced substantial ambivalence in its use of multilateralism, especially when it binds the U.S. to the will of others and limits its scope for independent action. For the most part, however, the United States has recognized the functional benefits of multilateral cooperation. Indeed, no country has championed multilateral institutions more than the United States or used them more effectively in the advancement of long-term national interests.

The United States is unlikely to move forward in developing more effective responses to the collective action problems the world now faces if it finds itself stuck in an endless foreign policy debate over the wisdom of unilateral vs. multilateral approaches, or what constitutes the "national interest." There may well be instances when the national interest calls for unitary action, but there will increasingly be others in which the national interest is coterminous with the global common good. If it is to be prepared for these inevitabilities, the U.S. needs to develop a far more coherent and

systematic policy approach to the management and financing of the international public sector.

V. Conclusions

To say that the U.S. should play a leading role in helping to shape the international public sector is not to say that it should play a singular role. Indeed, as the foregoing should make clear, managing the response to global and transnational problems requires collaboration among many actors, including richer and poorer states, global and regional inter-governmental agencies, non-governmental organizations, and corporate and civil society entities. Unfortunately, while the solution to today's problems cry out for shared leadership, contested leadership – often in opposition to U.S. policies -- seems to be the organizing principle of the day. This is likely to increase if indeed the U.S. insists on doing the world's business in an ad hoc and narrowly-defined interest driven manner under the casual policy rubric of "a la carte multilateralism."^[27] A more consequential public policy is needed for these inchoate times. Recognizing the existence of the international public sector and working collaboratively to improve its capacity to deliver essential public goods and services would be a good place to start.

· This paper was prepared for a August 30-31, 2001 meeting of the Centre on Global Studies, the University of Victoria. It draws on the author's concluding essay, "Multilateralism as a Matter of Fact: U.S. Leadership and the Management of the International Public Sector," in Stewart Patrick and Shepard Forman, eds., *Multilateralism and U.S. Foreign Policy*, Lynne Rienner Publishers, forthcoming, Fall, 2001. I am grateful to Maurizio Iacopetta for his analysis of international public expenditures and to Charles Graybow for general research assistance and for his review of the literature on alternative sources of financing.

[1] Union of International Associations, *Yearbook of International Organizations*, 2000-2001, p.2406. Calculations by the Center on International Cooperation, at New York University, suggest that the U.S. is signatory to about 7% of the intergovernmental bodies and to more than 5,000 conventions and treaties, including bilateral agreements. Over 500 conventions and treaties are deposited

with the UN Secretary-General. United Nations, Millennium Summit Multilateral Treaty Framework. Bowen & Harris, Multilateral Treaties Index and Current Status (1984), Annual supplement 2000 lists multilateral treaties.

[2] The Center on International Cooperation has identified 26 areas of multilateral cooperation, which it groups into 7 major sectors: economic development; economic and political cooperation; social development; international law; security; science, technology and communications; and the environment. This public sector consists of some 1,800 intergovernmental organizations, at least 200 of them operating at the regional level; tens of thousands of international civil servants; and equal numbers of private voluntary agencies and their staffs. The Center estimates that the annual expenditures of international organizations amount to approximately \$200 billion (excluding loan disbursements).

[3] These architectural shifts are occurring differentially across the world's regions, most aggressively in Europe and Africa where there has been a multiplication of regional and subregional organizations, as well as across sectors. It is most evident in peacekeeping, but has begun to occur in the fields of humanitarian assistance, human rights, environmental management, and international crime control, and has been broached as a modality for dealing with financial crises. It is also reflected in debates on regional trade associations as "building blocks" or "stumbling blocks" on the way to global markets.

[4] The Global Public Policy website, www.globalpublicpolicy.net, describes a diverse number of these public private collaboratives, including the World Commission on Dams, Global Networks for Democracy Promotion, and Jubilee 2000.

Our own Center has proposed the creation of a Strategic Recovery Facility that would have at hand the expertise and financial resources necessary for reconstructing war-torn societies, economies and polities. See Forman, Patrick and Salomons. "Recovering From Conflict: Strategy For An International Response."

[5] Slaughter, "The Real New World Order."

[6] Kaul, Grunberg, and Stern, Global Public Goods.

[7] Forman and Patrick, eds., Good Intentions.

[8] Kaul, Grunberg, and Stern, eds., Global Public Goods; Kanbur and Sandler, The Future of Development Assistance.

[9] Reinicke, Global Public Policy.

[10] Cite Mendez, others

[11] A recent example can be found in the debates surrounding the “Report of the Panel on United Nations Peace Operations,” the so-called Brahimi report, which was endorsed by the Security-Council with much prodding from the Permanent Representative of the United States, Richard Holbrooke, but seriously eviscerated by the General Assembly.

[12] The Center is undertaking a broad-based policy research effort on the roles of regional and sub-regional organizations as public goods providers. See Graybow, Iacopetta and O’Brien, “A Geographically Based Introduction to Regional Intergovernmental Organizations,” and Graybow and O’Brien, “Review of Research: Regional Organizations and their Roles in

Peace and Security, Humanitarian Assistance, Human Rights and Democracy Promotion, Center on International Cooperation working papers available at www.cic.nyu.edu/publications

[13] Regional organizations are most developed in Europe. They have proliferated in Africa, and are present in significant numbers in Latin America and the Caribbean. Their absence is most notable in Asia.

[14] “An Interregnum for Globalism,” a talk given at a colloquium on Managing Global Issues, Carnegie Endowment for International Peace, 2000. Available on the Center on International Cooperation website at

[15] Lancaster, “Redesigning Foreign Aid”, p.80. The coordination efforts should be pressed within the OECD’s Development Assistance Committee.

[16] Kanbur and Sandler, The Future of Development Assistance, p. 2.

[17] A one-percent diminution in African governments military expenditures would yield \$150 million for development purposes

(see O’Brien,), a sum larger than the annual expenditure of the African Development Bank and more than half of the annual multilateral assistance targeted to sub-Saharan Africa.

[18] Florini, ed., The Third Force; Mathews, “Delinquent Diplomacy.”

[19] These NGO forums -- on the environment, population and development, social development, human rights, women rights and human habitats -- did a great deal to establish non-state actors as serious players in international affairs who were often able, either as members of country delegations or through extensive lobbying, to advocate for progressive ideas and programs.

[20] Austin, *The Collaboration Challenge*; Levy, *Give and Take*.

[21] Forman and Stoddard, "International Assistance."

[22] It is interesting to note that these three most visible players are all U.S. citizens with global commercial interests. Moreover, to meet the estimated \$300 billion estimated annual costs of the international public sector would require three thousand gifts of the size of Ted Turner's!

[23] See Reinicke, *op cit*. Also, visit the website of the Centre for Global Studies, University of Victoria, at

[24] UNAIDS is the only UN organization in which NGOs sit on the Executive Board. The participating NGOs are selected by regional NGO bodies and rotate every few years. The Gates Foundation is represented on the WHO vaccine program board, and both the Ford and Rockefeller foundations are members of the International Agriculture Research Centers chaired by the World Bank.

[25] Patrick, "America's Retreat from Multilateral Engagement," p. 439.

[26] *Global Trends 2015*.

[27] Richard Haass, describing the Bush approach to U.S. Foreign Policy, quoted in Thom Shanker, "Spinning a la mode," *New York Times, Week in Review*, August 5, 2001, p. 5.

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