HALF EMPTY OR HALF FULL:
DISRUPTIVE INNOVATION THROUGH
DISFUNCTION AND CRISIS IN GLOBAL GOVERNANCE

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Half Full or Half Empty

Our challenge is not to invent new ideas, John Maynard Keynes famously quipped, but to let go of old ones. Never a truer word was said about the global climate negotiations. Our greatest enemy is our imagination about the task at hand. Progressive forces are united in believing that our mission is to create a Bretton Woods-type deal through a Westphalian-style process. Through such a lens, we need national carbon commitments and public money loaded through a funnel at the top, a performance measurement and reporting framework linked to penalties and rewards, all overseen by a unitary governing platform made up of sovereign states.

Near universal consensus that this ‘tried-and-tested’ approach is the best way to go means that anything else is by definition ‘less’, and is either the work of fools, subversives or pessimists. Yet we know that global deals underpinned by sovereign binding commitments have often proved disappointing. What has more often made history, for better and worse, has been the four horses of apocalypse in action: might-is-right, fear of mutually-assured destruction, acting unilaterally out of self-interest, and in all-too-rare but extraordinary moments the direct action of citizens.

Our worst kept but rarely acknowledged secret is that a deal in Copenhagen will fail if it relies for its success on binding, long-term commitments by sovereign states to dramatically reduce emissions and provide adequate public finance to assist developing countries to address mitigation and adaptation challenges.

Effective deals in the 21st century are for three reasons more likely to be induced from practice rather than deduced from principles and negotiated standards and commitments.

- Trying to make complex deals between almost 200 nations is clearly a fool’s errand in today’s multi-polar, inter-connected world, exemplified not just by the climate negotiations but by the degenerated state of the trade negotiations.
- Binding commitments by sovereign states are, frankly, not worth the paper that they are written on. One of many examples of this is the casual discarding of legally binding public deficit and competition and subsidy rules within the world’s most tightly regulated multi-nation arrangement, the European Union.
- Globally ‘deduced’ deals overly focus on top-down mechanics and associated institutional arrangements, which usually generate performance failures rooted in bureaucracy, political interference, rent-seeking and straightforward corruption. Look no further for ample evidence of this than the fate of the US$5 trillion of so of official development assistance that has flowed over the last half a century.

Unilateral action based on national self-interest, catalyzed, supported and cohered through international collaboration, is the only hope we have of effectively managing climate change. Such actions are not a ‘substitute’ for a global deal, they are the only possible basis for an international game plan that could get us to where we need to be. Focusing on what happens on the ground rather than how to commit and rain funds down from the clouds is not Plan B, but the only Plan A that makes sense.

1 Based on an article published originally on OpenDemocracy (www.opendemocracy.net/openeconomy/simon-zadek/plan-b-on-climate-national-deals) and subsequently in edited form on ChinaDialogue (www.chinadialogue.net/article/show/single/en/3315-Revising-plan-A).
What might this mean in practice.

(a) Firstly, is the need for less structure and more coherence in any global deal, a classic matter of optimising the functioning of highly dynamic systems. Measurement and registration of progress and soft forms of accountability are crucial for this, with criteria for what counts being permissive and self-ex-ante assessment followed by collaborative ex-post assessment replacing complex, multilateral governance gateways that impede and politicise progress. Many features of what AccountAbility and others are proposing for the Fast Start Fund to be tabled at Copenhagen fit this way of thinking.

(b) Secondly, catalyzing self-interested action by sub-systems is key to this approach. For the climate deal, this means low carbon growth and development, not rent-taking by tapping into international public finance. Crucially, such actions need to be effective and not seen as gaming the system, thus inducing further actions aligned to overall intent, not vice versa.

(c) Thirdly, allowing unilateral power to have its way rather than seeking to smother it with inept multilateral agreements. This is clearly more provocative and needs conditioning. But in the case of climate change, we can conclude that carbon prices will remain low and volatile under current arrangements in the crucial period to 2020, whilst unilaterally imposed carbon border tariffs by the US (followed by Europe), suitably adjusted to avoid negative impacts on LDCs, might do us all a huge favour in effectively creating a global carbon tax.

Nobel prize winning economist Kenneth Arrow demonstrated in unintelligible mathematics that flawed equilibrium solutions could be less effective than well-designed, disequilibrium options. I would be the first to applaud an effective global deal with commitments and targets. But it’s a chimera, and a dangerous one at that. My suggestions are not new, but may point to reshaped contours of 21st century deals where practice will lead and induce norms rather than vice versa. Second-best in theory, but first-best solutions to get us where we need to be.

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