



# **In the name of the people**

## **Strengthening Global Accountability**

By Titus Alexander



### **A One World Trust Discussion Paper**

*“Where decision-making is open and accountable, the tension between central and local issues is more likely to seek equilibrium in a federal structure.”*

# In the name of the people: Strengthening Global Accountability

By Titus Alexander, Chair of Charter 99

## Introduction

*“Our purpose is to consider what form of political community is best of all for those who are most able to realise their ideal of life.” Aristotle (1)*

Every day, officials of national governments, international agencies, corporations and non-governmental organisations (NGOs) make rules that affect our lives. Most of these are practical measures about things like telecommunications, safety at sea or the protection of historic monuments. Yet every rule affects someone’s livelihood (see box 1). The question is: how can everyone’s interests be taken into account in ways that are fair while ensuring that global decision-making is reasonably effective?

Underlying the argument is the experience of Europe during the past century, where conflict between nation states twice led to world war. Over five decades of pragmatic, piecemeal political effort, the nations of Europe have begun to create a unique supra-national political Union in which differences are resolved by peaceful means under the rule of law. War between the states of Europe is now as unthinkable as war between the counties of England or the states of America. The experience of European Union offers lessons about the potential of pragmatic politics guided by a vision of ever-increasing union, and also about the dangers of failing to involve people in the process or to make decision-making open and accountable to the people. It took two cataclysmic world wars to convince Europe of the need to create a democratic political union. The world cannot afford another trauma on this scale, although climate change, terrorism or war could bring it about, unless we improve democratic global decision-making.

### How global rules affect people’s lives

- Single hull tankers will be phased out to increase safety and environmental protection. This will increase shipping costs and cut cargo space, but it could put some small firms out of business.
- The worldwide ban on ivory sales protects elephants, but rising elephants numbers damage farms and forests in Africa, while the ban means a loss of income for African hunters and traders.
- The ban on landmines will prevent thousands of people from losing limbs or lives, but people who make mines may also lose their jobs.
- The removal of tariffs on sugar imports increases opportunities for sugar producers in poor countries, but may affect incomes of sugar beet growers in rich countries.

BOX 1

Most people do not know what is being done in their name at a global level. Even elected legislators know little about the international bodies to which their nations belong. Yet global rules matter more than ever. They can be a decisive source of protection, opportunity or disadvantage for people anywhere in the world. It is therefore vitally important for people to know what is being done in their name, and to have a say if they want.

This raises critical questions about accountability: *Who* should take decisions at a global level? *How* do they answer for those decisions and the consequences that follow from them? *To whom* are they answerable? What happens if global decisions damage or even destroy peoples’ lives or livelihoods?

Global decision-making is unavoidable: pollution knows no boundaries; disease and crime carry no passports; nuclear accidents do not respect national borders; while communications, trade and finance connect the whole world in ways that no government

alone can control. Failure to act on key global issues is potentially more devastating than the neglect of almost any single area of domestic policy. In today's world, global rule-making is a necessary part of national governance.

Yet the world has no central rule-making body. International laws, standards and regulations are created by many different agencies, from NGOs and transnational corporations to national governments, international organisations and even private meetings of powerful people. Much of the world's commercial, humanitarian and environmental regulations were pioneered by non-government agencies (see section 2 below for more details). The challenge is to make the diverse forms of international rule-making accessible and accountable to the people affected by them. In the process, I will argue in section 4, global governance is likely to become more coherent and democratic.

Accountability is both about justice (people's right to have a say in decisions that affect their lives) and about efficiency (involving people affected by decisions can improve the decisions and help to avoid negative consequences in the long term). It requires transparency, accessibility and means of redress. Accountability is essential for good decision-making as well as democracy. These issues are discussed in section 2.

The scale and scope of international decision-making is growing rapidly in response to a myriad issues and events. No nation is isolated from the rest of the world, as the terrorist attacks on 11 September reminded America. Global communications, trade and finance create a single world in which poor decisions can cause immense suffering, while good decisions bring about improvements in people's lives. Accountability, transparency, the rule of law and democratic participation are some of the key elements needed to bring about good decisions at a global level, as they are within countries.

The challenge is: how do we apply these principles at a global level, where so many different traditions of government and law come together. Many nations, from the smallest to the most powerful, fear the loss of sovereignty to supranational institutions. Many people fear the strengthening of government at any level, particularly when it is remote.

It is not a question of whether or not we have global governance, just as there is no question about whether or not we have air traffic control: the question is, how do we get good governance at a global level, so that all global issues impacting on peoples lives are governed fairly and effectively.

This paper argues that accountability is key to giving people a say in the global decisions that affect them and to bringing global governance closer to people in an interdependent world. It uses the experience of continental governments like the US, India and Europe to show why the premature creation of a directly elected world parliament could entrench unequal decision-making structures. Finally, it suggests how strengthening global accountability could be a catalyst for a world federation of nations, prosperous and at peace with each other, where human potential flourishes.

## **1. What is good governance?**

Differences in governance matter. Some systems of government enable people to meet their needs much better than others. Finland and Estonia are separated only by a narrow strait, but after seventy years under radically different political systems, the people in one country were, on average, almost three times richer in terms of purchasing power, enjoyed eight more years of life, worked shorter hours and were more equal financially than people in the other country (2). More generally, people in countries with high levels of corruption are more likely to be impoverished, to have fewer opportunities and lack basic public services. As UN Secretary-General Kofi Annan says, "*Good governance is perhaps the single most important factor in eradicating poverty and promoting development.*"

Among the many variables between different systems of government, their accountability and responsiveness to people are crucial. The ultimate test is whether governments serve

their people. As a recent strategy paper by the British Department for International Development put it, *“The political system determines policy. Politics determine whether governments rule for the public good or for narrower interests – and influences whether governments are honest or corrupt, effective or inefficient. Perhaps most importantly, politics determines the allocation of scarce resources between competing interests including those of poor people.”* (3) Good governance means that differences are resolved in such a way that the majority accepts the outcome without coercion or concealment.

“Good governance” is now central to development policies of the African Union, European Union, World Bank (4) , United States and UN agencies. They all emphasise the need for the rule of law, accountable government, sound financial management, stronger institutions, a favourable climate for local enterprise, and reduced risk of conflict (5). It is widely accepted that *“Better governance, by definition, means more transparency, more accountability, and a more popular participation in the decisions that count.”* (6)

Not everyone agrees with this particular set of principles. Some put more emphasis on religious principles than on secular law, but by definition this excludes people of other faiths. Others prefer state provision to encouraging enterprise, but most accept the need for both. Many in government, as officials or politicians, see the state primarily as a means to personal enrichment, through corruption, nepotism, theft and favours, but no one advocates this as a desirable policy. Many governments are more comfortable taking executive decisions in private, but most recognise the vital role of participation by all sections of the population in decision-making, if only as a safety valve.

<b>Key elements of good governance</b>	
1. security	7. transparency
2. the rule of law	8. sound financial management and the absence of corruption
3. shared values	9. effective institutions
4. enlightened leadership	10. a favourable climate for local enterprise
5. responsiveness to the people	11. public support
6. accountability	12. participation in decisions that affect people
<p>The following twelve elements are widely recognised as essential aspects of good governance:</p> <p>The emphasis put on each of these elements will vary according to political philosophy and circumstances, but the common theme underlying these elements is the principle of accountability: that public decision-making is answerable to the people.</p> <p>There is growing awareness that these principles also apply at a global level. At the UN Millennium Summit, 147 world leaders, representing most of the world’s population including China, India, Europe and the United States, affirmed the “need for good governance at the international level”. (7)</p>	
BOX 2	

The following sections consider the nature of global governance and accountability at a global level in more depth.

## 2. Institutions of global governance

International decision-making is conducted through many different agencies. What matters is how much power they have to carry out decisions. This can be empirically assessed by looking at what decisions are carried out at a global level. In practice, the world's most powerful states, transnational corporations and even non-government organisations play a bigger role in global governance than UN agencies, as discussed below.

The United Nations system deals with a wide range of issues and is relatively effective where it is possible to reach agreement by consensus. But it is under-funded, uncoordinated and relatively powerless to reach agreement where member states disagree. Many General Assembly resolutions have little impact because the UN has no power to implement them. International bodies like the World Bank, IMF, NATO and the Bank of International Settlements, on the other hand, are controlled by western governments and therefore have considerably more power and resources.

The world's most powerful states, particularly the United States, are effectively independent agents of global government, imposing their decisions on the rest of the world or blocking them. The US prefers to govern through bilateral deals with other states, warlords or corporations, creating a worldwide decision-making structure centred on Washington that must be seen as an integral part of global governance as it exists now. President Bush Sr even acknowledged that US citizens elect the "*leader of the entire world*" (8). The world's most powerful states also co-ordinate policies through a wide variety of forums, both private and public, including the G8, Bank of International Settlements and OECD (9). OPEC, the organisation of oil exporting countries, is a unique example of developing countries combining to set global policies in their own interests.

But all states are understandably nervous about ceding decision-making powers to bodies beyond their direct control, in which they are participants rather than directors. This has created a vacuum, which has been filled by non-governmental bodies, particularly transnational corporations and voluntary associations of civil society.

### Corporate power

Over the past five centuries, commercial companies led the process of globalisation through international trade. Companies, licensed and protected by states, established settlements and colonies in America, India and Africa. Trade required a legal system that enabled traders to make valid and enforceable agreements (10). Companies created relationships between rulers, traders and producers across the world, through custom contracts, treaties and sometimes force. Commercial companies enabled European states to extend their rule over much of the world. Today the world's largest corporations account for a third of world production, in money terms, and over 80% of global private investment. This gives them enormous power to set international priorities, policies and standards.

- IBM and Microsoft, virtually created the universal standard for personal computers and operating systems. Mobile phone companies are creating a new global infrastructure for communication, by-passing national telephone systems. International accountancy associations and firms set global standards for corporate accounting, influenced by the demands of western stock markets and regulators. Global media companies and advertisers are promoting a global culture of images, emotions, brands and values that is increasingly pervasive throughout the world. Satellite television companies are creating global standards for broadcasting which are impossible for all but the biggest countries to resist.
- Global companies set standards of employment in many countries, particularly where national governments lack the power to do so. They created the trade in slaves, as well as the plantation and factory systems which replaced traditional agriculture and production. For many years, in much of the world, they drove down conditions of employment. Today global companies may be as likely to drive up labour standards

as a result of pressure from consumers. In either case, global companies are the pace setters, establishing global standards and modes of production.

- The pharmaceutical industry exercises enormous influence over national health care systems through its policies on research, patenting, pricing and promoting medicines.

Corporations, industry associations and umbrella bodies like the International Chamber of Commerce, are also active participants in intergovernmental institutions, often putting pressure on governments to establish policies to meet corporate priorities. For example:

- Pressure to create the World Trade Organisation (WTO) came largely from the commercial sector, particularly from companies involved in trade in financial services and agriculture;
- The initiative for a Multilateral Agreement on Investment (MAI) also came from business, and was developed through the OECD before many parliamentarians or even government ministers were aware of it;
- Food companies are actively involved in the Codex Alimentarius, which lays down over 240 standards, 40 codes of practice, and numerous recommendations for food safety and trade.
- A coalition of fossil fuel companies successfully lobbied the US Congress and Federal Government to frustrate international negotiations on climate change.

In response to corporate power, the global responsibility and governance of business has grown in importance (11), among corporations themselves as well as governments and civil society. The UN itself has drawn up Global Compact Principles. However, none of these proposals pay sufficient attention to the detailed structures and processes of accountability.

Corporations' legal power derives from states, through limited liability, property rights and other privileges. States actively support 'their' companies through diplomacy, financial assistance and even military protection. The relationship between companies and states continues to be an important dynamic in global governance, but is beyond the scope of this paper.

### **Civil Society**

Civil society plays an increasingly important role in global governance through NGOs. Amnesty International, for example, has more staff and funds than the UN's Human Rights Commission. The Red Cross, Greenpeace and WWF are bigger than most intergovernmental organisations such as the WTO, UNCTAD or UNIDO.

Private NGOs often pioneered global governance through international conferences, agreements and pressure for state action. The World Anti-Slavery Convention of 1840 was perhaps the first of some 400 permanent associations or unions established before the First World War. The International Committee of the Red Cross (formed in 1863) promoted the Geneva Conventions of 1864, 1906, 1929 and 1949. The International Maritime Committee promoted conventions on safety at sea in 1914 and 1929. Some NGOs led to the establishment of state institutions. Thus the International Congress of Weights, Measures and Moneys (1867), an NGO, was the forerunner of the Metric Union, while the International Association for the Legal Protection of Labour led to the formation of the ILO. Other important and influential early NGOs were the International Law Association (1873), the Inter-Parliamentary Union (1889) and the International Chamber of Commerce (1919).

Today there are about six thousand international NGOs, and millions of national and local NGOs which address international issues through global networks and alliances. Their role in global governance has been widely discussed (12); this section aims only to draw out a few key points.

In recent years, NGOs have had a major impact on world politics by, for example:

- Agencies like the Red Cross, Christian Aid and Oxfam pioneered emergency relief as

well as long-term development assistance, which are now core functions of intergovernmental cooperation, and are now leading global campaigns on specific issues such as universal provision of primary education, regulation of the pharmaceutical industry or control of the arms trade;

- When the UN was formed, the World Federation of Trade Unions (WFTU) and other NGOs lobbied hard for NGO access, which was enshrined in Article 71 of the UN Charter and the creation of 'consultative status' to the UN;
- Pressure groups like Friends of the Earth, Greenpeace and the Sierra Club have pushed environment issues up the international agenda. The environment was not mentioned in the UN Charter but is now a major concern of governments and international agencies;
- The global coalition Jubilee 2000 made debt cancellation for the world's poorest people a high priority for the world's richest countries, even if it did not fully achieve its objectives;
- A world-wide coalition of NGOs cajoled a majority of the world's nations to create an International Criminal Court, which will be set up in The Hague.

The impact of NGOs on global governance has become a major issue, with governments, academics and even NGOs questioning whether their influence has sometimes been too great. Michael Edwards, Director of the Ford Foundation's Governance and Civil Society Unit, points out that NGOs *"usually have a single constituency to satisfy or a single-issue focus, whereas governments must balance competing demands and trade of different interests. However well-intentioned, NGOs are special interest groups and cannot replace a single, strong voice in favour of the common good. It is governments' responsibility to guarantee the universal rights and entitlement of citizens."* (13)

Edwards advocates *'new deal for global governance'* to introduce greater democracy, legitimacy, transparency and accountability, including three principles for NGO participation (14):

1. A voice, not a vote: greater NGO involvement structured into informal political processes, *"but with more checks and balances to ensure everyone's voice is heard."* This could be set out in the form of a compact setting out roles and responsibilities.
2. Minimum standards for NGO integrity and performance, maintained *"through self-regulation, with the possibility of independent verification or arbitration"*, like the Philippine Council for NGO Certification or the procedures of the Commission on Sustainable Development.
3. A level playing field for Southern NGOs, who often do not have resources to represent themselves in global debates. This means foreign aid to strengthen their capacity for research and policy analysis, promote financial independence and sustainability. Of course, this raises questions about which NGOs are supported and the effect which foreign funding can have on the internal politics of both NGOs and governments in the South.

The extensive role of NGOs in global governance suggests that state-based structures alone are inadequate to relay people's concerns at an international level. But it is important to remember that, at a national level, people's views are channelled and mediated through political parties who compete for support, just like NGOs. The main difference is that political parties are closely scrutinised by the press and ultimately subject to election. Most NGOs are much less subject to these forms of accountability than governments.

### **Private meetings**

A surprising amount of international decision-making is done in private. The G8 Heads of State meet annually to discuss global policy, but in practice these meetings are now probably less important than the frequent contacts throughout the year (15). Their ministers

meet regularly, working on vital issues such as the global financial architecture, trade or terrorism, producing policies that will often decide for the world. The Group of Ten top central bankers meet in private at the Bank of International Settlements to formulate broad supervisory standards. Although it has no formal authority or legal force, it “*encourages convergence towards common approaches and common standards*”, including the Basel Capital Accord which are almost universally applied by all other central banks. In one sense, this is a service performed by the G10 for the rest of the world. In another, its priorities will inevitably reflect those of the G10 and other countries have little choice but to follow. The MAI is another product of private meetings, this time in the OECD. Private meetings at Bilderberg, the Trilateral Commission, Davos World Economic Forum and the Heritage Foundation are not a secret world government, as conspiracy theorists believe, but they have undoubtedly influenced global governance when the people, place and time are right. In practice they are far more important for making connections, forming opinions and shaping the policy context than for decision-making itself.

Powerful people will always meet in private and seek to influence events. But their ability to decide what happens for the rest of the world will diminish as global governance becomes more transparent, accountable and rule-governed.

### **Scrutinising the international decision-making network (IDN)**

Some commentators argue that new technologies, market forces, footloose finance or terrorists have reduced the power of states (16). But western states still have enormous collective power to create and enforce rules, if they choose to use it. They can do it well, badly or abdicate their responsibility, but it is in their power to hold the ring if they choose. Deregulation of trade and finance takes place because governments believe it is ultimately in their best interests. Most states have, at some time in their history, backed adventurers, pirates or even terrorists when it suited their interests. But where states do not regulate, business and others create rules to fill the vacuum, as outlined above.

In a complex interdependent world of over six billion people, thousands of states and cities, 200 nation states, and millions of firms, NGOs and groups pursuing diverse interests and ideals, there will always be many centres of power. Rapid technological and economic change can create dramatic and sudden shifts in the balance of global power (17). The changing fortunes of companies, technologies and NGOs will also create new actors on the global stage, influencing or even making decisions in different ways. In less than a decade, the internet transformed the way people lobby, learn, communicate and do business. The worldwide web was created by an intergovernmental institution (CERN (18)), pioneered by academics and NGOs, then developed by enthusiasts, businesses, NGOs and governments. The web enables both small groups to pursue global campaigns, and large organisations to provide new opportunities for access, information and accountability to worldwide constituencies. By contrast, the terrorist attack on 11 September showed that even the world’s most powerful state is vulnerable to the actions of small, determined groups. It will never be possible to centralise global power under a single authority capable of directing world events. But resourceful states and intergovernmental agencies are sufficiently large and powerful to create their own waves. The real question is whether they have the skill to create a global system that is sufficiently robust and responsive to enable people to tackle the world’s problems constructively, or whether their blindness lets loose a catastrophic storm, as it did at least twice last century.

Many people and organisations, such as the Commission on Global Governance, George Soros, Peter Hain and Anthony Giddens, believe that global instability calls for stronger international rules and institutions. It would be tempting to argue that global governance should simply follow the model of continental governments like the United States, Brazil, India or Europe, with a unitary administration, elected parliament and federal structure of some kind. But there is much more public pressure for devolved government and independent states - as in the former Soviet Union and Yugoslavia, the Basque country,

Kashmir, Kurdistan or Tibet, - than for a parliament and central authority for the world.

National governments are continuously creating stronger state institutions at a global level in response to global problems. Even the US under G W Bush, who wanted to stand back from the world, has been yanked onto the world stage to create the most extensive global military, political and economic structures that have ever been seen. While the US has rejected multilateral rules and institutions, like the Geneva Conventions, the International Criminal Court and arms control, its web of bilateral agreements bind it into the domestic politics of almost every country - incidentally making it the potential target of countless opposition groups throughout the world. As a whole, however, governments are strengthening global institutions and rules to deal with all kinds of issues from aids and climate change to trade and terrorism.

In my view it is more productive to start with the existing diversity in global decision-making and ask how they can be made more open and accountable. Paradoxically, this is also more likely to lead to global elections and a federal system, as I argue in section 4. The catalyst for change is increased accountability, as argued next.

### **3. Accountability at the centre of good governance**

In his report to the Millennium Assembly, Kofi Annan wrote "*Better governance means greater participation, coupled with accountability*" (Para 46). This reflects a growing demand for accountability and participation at all levels of society, from the public, politicians, businesses and other groups.

This section explores the nature, benefits and mechanisms of accountability in relation to international decision-making, in order to develop an effective approach to strengthening global accountability and democratic decision-making.

#### **Defining accountability**

At its simplest, accountability means that individuals and institutions are answerable for their actions and the consequences that follow from them. For institutions which impact on the public, accountability is about ensuring that they meet a recognised need or purpose. Clearly, no one wants to be harmed by an institution, so the Hippocratic oath to 'do no harm' also applies. But often a trade-off between conflicting interests is unavoidable: woodland is turned into fields to provide food; fields are built on to provide housing. At each step there are 'winners' and 'losers'. Politics is about deciding the balance between different desires and finding a compromise or 'win-win' solution. If this is not possible, then the solution has to be sufficiently acceptable to the losers to prevent them from taking up arms, resorting to sabotage or otherwise rejecting the result.

This leads to a more focused definition of accountability as a means of ensuring that decision-making is answerable to the public for meeting needs with the least possible harm.

How any particular institution answers to the public, and which public, depends on the institution, its context and its potential impact. In an interconnected world, where a nuclear accident in one country could harm every country, or an invention by one company could benefit billions of people, the public may be global. When chemicals used to cool fridges (CFCs) can destroy the planet's ozone layer and cause an increase in skin cancer worldwide, or when fossil fuels contribute to dangerous climate change, then all accountability is potentially global. We can no longer say that the consequences of any decision stop at national borders.

Since everyone affected by an institution has a material interest in how it works, it is only fair that they should be able to have a say in what it does. Conversely, every institution also has an interest in ensuring that people affected by its actions are not offended by it, since people can make life very difficult, as the World Bank discovered during its 50<sup>th</sup> Anniversary and the WTO found out in Seattle in November 1999.

These considerations lead to a 'stakeholder' model of accountability. This means that

everyone with a 'stake' in the institution should be able to have a proportionate and appropriate say. In practice, stakeholder involvement reflects the relative power of each stakeholder. This can vary widely, and does not depend on either the legal nor the effective stake people have in decisions. When a million Indian farmers protested at the draft trade agreement that created the WTO, no one paid much attention, while demonstrations by a much smaller group of French farmers created a transatlantic crisis which was solved through high level negotiations between the European Union and US. Where the balance should be is a matter of public interest. If the owners of a business oppress their workers, it may lead to strikes or unrest, which could affect the public or the whole economy. If decisions by officials impoverish a country, so that its public services collapse or people starve, its citizens and the international community have cause for concern. Where and how the balance should be struck are ultimately political decisions.

This is why accountability is an essential part of democratic politics. Even if a country or institution is not formally democratic, in the sense of having elected representatives or governors, it can behave accountably if the balance of public opinion is reflected in its deliberations. Conversely, elected governments can lose support if they take decisions that lack public consent. Accountability ensures that people really are the ultimate source of day-to-day political authority, not just at election time. The practice of accountability is therefore at least as important a test of democracy as elections, since elections are only one element of democratic accountability. The extent to which decision-makers are accountable is a therefore key test of democracy in practice.

**Accountability means that decision-makers are answerable to all stakeholders for meeting needs with the least possible harm.**

There are inherent tensions and paradoxes in accountability. On the one hand, insistence on accountability indicates a lack of trust in decision-makers and institutions. But openness and accountability creates the free flow of information and opinion on which good decision-making depends. Good decision-making, in turn, creates trust. In a complex global society, informal processes cannot include everyone affected by particular decisions, so some kind of formal process is needed. Thus accountability creates better decisions as well as trust, provided the mechanisms of accountability are proportionate to the task. In other words, we are more likely to trust people who are accountable.

### **Benefits of accountability**

Accountability makes decision-makers think twice and take account of their impact on other people's lives. It gives people redress over decisions that are unjust or damaging, and therefore creates incentives for better decisions. Accountable decision-makers are also more inclined to involve people, because participation brings in a wider range of views and creates greater ownership of the outcome.

In May 2000, the Millennium People's Forum warned that "*if the architects of globalisation are not held to account, this will not simply be unjust; the edifice will crumble with dire consequences for everyone. In the end, the wealthy will find no refuge, as intolerance, ... environmental devastation, war, social disintegration and political instability spread.*"

Where there are no effective mechanisms for accountability, people express their dissatisfaction through petitions or protests, ultimately taking to the streets or even resorting to force. The American war of Independence asserted the constitutional right of people to be represented. Large demonstrations at meetings of the G7, World Bank and WTO, challenge the lack of accountability in international affairs.

Throughout history, regimes have been overthrown when people judge rule-makers to be unjust or oppressive. In the Americas, Asia and Africa as well as France, Russia and most recently the former Soviet bloc, people have rejected unaccountable rule in favour of government by and for the people. Today, most of the world's people have democratically

elected governments. But in most cases people want smaller entities, with governments closer to themselves. The former Yugoslavia and Soviet Union have divided into over twenty new nation states, with more seeking independence. Every continent has independence movements seeking statehood, with many millions of adherents. By comparison, demands for world government are infinitesimal.

Yet the more states there are, the greater the need for international rules. No state can allow its neighbours to over-use or pollute its waters, harbour terrorists, encourage criminals or cause its people to flee oppression or extreme poverty. All states and peoples have a common interest in upholding a basic code of conduct in both domestic and international affairs, and in ensuring that it is effectively enforced. Every state needs its neighbours to apply minimum standards of good governance, or it will be obliged to deploy disproportionate resources to protect itself.

But clearly, international rule-making itself should be seen as just, effective and free from oppression or it will be disregarded by states and rejected by their people. This requires sufficient transparency and accountability to ensure good governance at a global level. The following section looks at ways of assessing the accountability of international decision-making institutions.

### **Indicators of global accountability**

The key elements of good governance suggest seven indicators for accountability at an international level:

1. compliance with international law and norms
2. open and fair appointment of leaders
3. responsiveness to people, which at very least requires complaints mechanisms
4. transparency and access to information
5. sound financial management and the absence of corruption
6. effective institutions, as assessed through independent evaluation procedures
7. stakeholder participation in decisions

In addition, the definition of accountability outlined above would suggest the inclusion of:

8. fulfilling its purpose effectively (partly covered by 5 and 6)
9. doing least harm.

These two points are fundamental to the purpose of an agency and would include both acts of commission (e.g. corruption and incompetence means little is achieved) or omission (e.g. failure to act leads to greater loss of life or damage than would otherwise have happened).

These indicators inform the Charter 99 Global Accountability Project (GAP), developed by the One World Trust, which is examining accountability across a range of international institutions, including intergovernmental agencies, transnational corporations and NGOs. The Project looks at internal and external accountability separately, because accountability measures to formal members are distinct from relationships with other stakeholders.

The pilot GAP will examine eight dimensions in depth:

#### **Internal Accountability**

1. Equitable Decision-Making
2. Compliance Mechanisms
3. Open and Fair Appointment of Senior Staff
4. Independent Evaluation Unit

#### **External Accountability**

5. Equitable Stakeholder Participation
6. Effective Complaints Mechanism
7. Social Responsibility
8. Access to Information

These eight 'dimensions' focus on key issues for most people about institutions: who takes decisions? Are they equally binding on all members? Are staff appointed fairly? How effective is it? Does it behave responsibly? What happens if things go wrong? How do I know what's going on?

The pilot Global Accountability Project looks at how up to 30 international institutions perform according to these indicators. Although it is too early to report any results, it is clear that most institutions take the process seriously. A few are already changing their procedures simply as a result of being asked what they are. An NGO is changing the way it appoints senior staff. The Bank of International Settlements sought to argue that it should be exempt from the process. Microsoft has put everything into the hands of its lawyers and refuses to say anything.

As a result of increased attention on accountability, international decision-making in these institutions will almost certainly become more accessible, open and accountable to stakeholders and the wider public. As a result, they are more likely to make decisions that are better and more sensitive to the lives of people affected by them.

Nevertheless, the question remains: will increased accountability ensure that everyone's interests are taken into account in ways that are fair and effective?

#### **4. Accountability and global democracy**

Accountability can be uncomfortable for decision-makers, particularly if they are not used to it, but as openness and accountability become routine, it brings enormous benefits. Accountable decision-making tends to be better, because it takes a wider range of views and experience into account. Accountable decisions are more likely to be consistent and rule-governed, rather than arbitrary, since they are open to challenge and set precedents. As a result, they tend to have more public support, and are less likely to face resistance. Accountability also means that mistakes are reduced, because decision-makers think harder before acting, and when mistakes occur, they are more likely to be spotted and rectified. Public accountability also contributes to greater social stability, since it is easier to identify grievances, correct mistakes or remove officials without massive social upheavals, as occurs in unaccountable political systems.

In recent decades there has been a huge growth in accountability within countries. A vigorous media, parliamentary scrutiny, freedom of information, public inquiries, commissions, judicial review, ombudsmen, statutory complaints procedures, codes of conduct, protection for whistleblowers and numerous other mechanisms aim to keep officials and politicians on their toes, not always successfully. Governments also demand greater accountability from public services through inspection, publication of performance data, 'league tables' and the involvement of lay people in governing bodies or inspection. Public companies must comply with strict requirements for audit and disclosure, largely codified through self-regulation, although these are clearly insufficient, as the collapse of Enron, BCCI and other scandals illustrate. Public pressure is also demanding businesses to account for social and environmental performance as well as profitability, as expressed by the "triple bottom line".

Environmental or social audits aim to give an independent account of an organisation's impact on these areas, often combining factual analysis with a 'stakeholder' approach to gathering people's views on the performance of particular companies. Organisations can even get formal recognition for their commitment to staff development, quality or environmental management, by becoming 'Investors in People' or by adopting BS 5750 (Quality Standards) or 7750 (Environmental Management Standards) (19). These use a systemic approach to analysing the organisation as a system and *how* it performs as well as what it produces. Although many would say this is far from sufficient, it is very much greater than before and growing all the time as a result of public pressure.

By comparison, there is little accountability, public pressure or scrutiny at an international

level. No one was held to account for the failure to prevent or halt genocide in Rwanda or the foreign invasions of Angola, Iran, Vietnam, Panama or many other countries. Persistent violations of international law, such as the occupation of Timor, the West Bank in Palestine or Tibet, are tolerated without redress. Agreements between governments are made behind closed doors. Major powers, representing less than five or ten percent of world population, can block or disregard international treaties on children's rights, climate, arms reduction, biodiversity, landmines and other measures with impunity.

Gradually people are beginning to change this. East Timor has gained independence, through a combination of domestic and international pressure. Sustained pressure on the World Bank has led to much greater disclosure of information, stakeholder participation, independent impact studies and performance evaluation. This has helped to shift the Bank's focus towards poverty reduction and almost certainly improved its performance as an organisation. The International Criminal Court may act as a restraint the worst abuses of human rights. Meetings of the WTO are subject to growing public pressure and media interest, forcing it to take account of wider needs and issues.

As protests and public pressure on international agencies rise, decision-makers themselves seek understanding, protection and legitimacy from elected representatives. NATO already has a parliamentary assembly, consisting of legislators nominated by parliaments of member states. The World Bank has begun to hold international meetings of parliamentarians. The WTO is considering a Parliamentary Assembly or Standing Body to *"help parliamentarians to better understand WTO's work and subsequently help them do a better job at home in responding to the concerns of their constituencies and enact legislation in their national parliaments."* (20) Michael Moore, Director General of the WTO, has said *"Parliamentarians and legislators need to know about the institutions they own. Parliamentary select committees should aggressively scrutinize the WTO and other international organizations. We need this. It is healthy."* (20) In other words, while parliamentary scrutiny improves decision-making, it also helps to explain decisions back home and creates greater ownership of international institutions among parliamentarians. This is a worthwhile goal, but hardly enough to close the democratic deficit.

This process follows the path of the European Union. Intergovernmental institutions were created first, then a parliament nominated by member states in 1958, and since 1979 a directly elected parliament which can now dismiss the EU Commission and its budget. Yet after over 20 years of the Parliament and an often hostile press, most European decisions continue to take place behind close doors in the Council of Ministers and Summit meetings, while the European Union remains as remote from its citizens as it ever was.

Adding elected representatives to an international decision-making process that is secretive, remote and unaccountable, will not, by itself increase democratic accountability or responsiveness to people. If elections are granted prematurely, there is a real danger they could legitimise existing structures and inhibit them from becoming fully accountable. What we need *first* is to make those decision-making processes themselves as transparent and accountable as possible, so that they cannot hide behind elected representatives. When decision-making is transparent, then elections really could give world opinion a powerful vote in decisions. The people's right to bestow legitimacy has a price.

### **Elections are not enough**

Elections on a continental scale are particularly subject to abuse, because candidates need substantial funds to compete. Those with money are always willing to pay to promote their interests. An estimated \$3 billion spent on US presidential and congressional races in 2001, including hundreds of millions by outside groups that do not disclose their donors or spending. Within a year, the tobacco, timber, oil, gas, mining, banking, pharmaceutical and airline companies that invested in candidate GW Bush gained significant benefits from his victory (22). By comparison, the Indian electorate of 650 million would come cheap. Candidates running for office need *"payments for crowd providers, advances to the vote*

*contractors in slum clusters and plain favours to caste leaders in villages*". In the 1998 election "power peddlers, PSU grabbers, spectrum and phone licence pushers, ... protection seekers (as by the automobile lobby), tariff enhancers, service providers, defence deal agents and even the foreign firms seeking print orders for our currency notes have all to 'donate' to different person." (23) Similar election scandals have shaken politics in France, Germany, Italy, Russia and many other countries.

In global elections, the issues may seem remote for most voters, but the stakes are high for rich corporations and states. They will not risk losing a raffle of public opinion. Biddable candidates will be offered funds for local clinics, schools and other projects to sway their electorates – and a bit on the side for themselves – with threats about loss of jobs and development funds if votes go the wrong way. This kind of vote-buying already happens among countries, where states without a coastline support whaling in exchange for aid, or poor countries may abstain in crucial votes to avoid losing investment. It happens in horse-trading between US Senators. It happens in parliaments throughout the world.

Such practices are increasingly exposed through greater transparency and accountability. In India, the [Tehelka.com](http://www.tehelka.com) internet news site taped secret video footage of senior politicians, bureaucrats and army officers apparently taking money in connection with a fake defence deal which forced the resignation of Bangaru Laxman, president of the ruling Bharatiya Janata Party (BJP) in March 2001 – just 15 years after the similar Bofors scandal. The fact that they continue to take place means that back-handers must pay more often than not, or the risks would simply be to great.

What matters in democratic decision making is people's ability to influence and challenge decisions. This means, *first*, that people need to know *what* decisions are being made, by whom, when, where and how. *Second*, they need to be able to assess the potential implications of each decision for their own lives. *Third*, if it will have a negative affect on them, they need to be able to put their point of view to decision-makers, through the press, pressure groups, elected representatives or other means, to influence the decision or get compensation. *Fourth*, if a decision turns out badly, people need to be able to change it or seek redress through an ombudsman or the courts. *Finally*, people need to be able to ensure that officials carrying out decisions for the public good are honest, impartial and efficient, not using their position for personal gain or for a particular interest group.

Most national governments are inadequate representatives of their people in this process, because they usually represent a particular political position held by only a section of the population. Although most governments today are elected, they often represent only a minority of the electorate, or at best a bare majority, and are unable to represent the diversity of views and interests among their people.

These considerations lead me to believe that strengthening the accountability and openness of international decision-making is the key to greater global democracy. Elected representatives need to be part of the process, but they are not enough and are certainly not the first step. Indeed, the premature election of a world parliament could prevent effective global democracy if it legitimises the present unequal and exclusive decision-making structures.

In the meantime, increasing the transparency and accountability mechanisms at all levels will at least expose what is happening behind closed doors to the consciences of the world. Then the press, pressure groups, politicians and public can all know what is being done in their name. If they don't like it, they can put pressure on their state governments and use the internet to connect with like-minded people throughout the world to campaign for change. At least the international officials involved in the decision will not be able to hide behind an elected politician in the name of democracy.

In the spirit of democracy, Michael Edward's plea for a level playing field for the South applies equally to the governments and people of poor countries as to NGOs. All the world's people need to be able to hear or read what is being done in their own language,

and to have equal access to the means of lobbying. Proactive engagement with stakeholders, transparent decision-making and accountable procedures will offer some balance against corporate expense accounts.

### **The evolution of federal structures**

The effect of open and accountable international decision-making is impossible to predict, but it is clear that as global issues grow in scale, so do pressures on governments to act. They are therefore strengthening international institutions to deal with them. As international institutions act, or fail to act, they affect more people, who campaign for or against particular actions. Decision-makers, under increasing pressure to take decisions, naturally prefer to do so in private, since every decision will disappoint or even harm someone. If decision-makers know that their decisions will be made public and they will be held accountable, they will want to show that they “did the right thing” for their constituency – the people ‘back home’ or an interest group. If they lose the argument, they want their constituency to know they did their best, but lost fair and square. In this context, transparent and accountable decision-making will on the one hand erode veto powers, which create paralysis and prevent action from being taken, thus strengthening the centre. But it will also enable lower levels of decision-making to assert themselves, either pressing for decisions at a global level or defending its right to take decisions at a lower level. The inevitable tensions in this dynamic process will tend to produce federal structures, in which decisions find an appropriate level. This process is evident in the history of the United States, the European Union, India and other federal states, as well as the federal structures of many global conglomerates and NGOs. Where power is concentrated behind closed doors, hierarchical command structures can thrive more easily. Where decision-making is open and accountable, the tension between central and local issues is more likely to seek equilibrium in a federal structure.

At a formal level, this would mean a complete revision of the 1945 global ‘settlement’, which created the United Nations system. It is highly unlikely that the five permanent members of the Security Council or the dominant powers in the exclusive decision-making structures of the BIS, World Bank and IMF will give up their power without a struggle or after a terrible crisis. The United States in particular is constitutionally unable to share power with other countries, violating its own democratic principles to defend its exclusive role in global governance. But US citizens will not give up their exclusive privileges without clear and consistent evidence that it is in their interests to do so.

By opening international decision-making to scrutiny and strengthening accountable at all levels, people will be able to see what is being done in their names and take a more active part in the process of forming policy and influencing decisions, as has happened in the World Bank or EU.

What we can do to increase global accountability is outlined in the final section.

## **5. Conclusion: From principles to action**

This paper has argued that increasing public accountability and transparency of decision-making by governments, intergovernmental bodies, transnational corporations and NGOs is an essential precondition for good governance at a global level. It has also argued that international decision-making must be subject to rigorous accountability before any direct elections to global bodies, on the grounds that they will create a veneer of legitimacy over a highly unequal and exclusive international system. Finally, it has suggested that making decisions more open and accountable is likely to lead to a more federal system of global governance. It has also said that the South, the poor majority of the world’s people, must have an effective and equitable say in global decisions, for the sake of the planet as well as democracy.

The critical test of accountability in international affairs is that people feel decision-makers are answerable to them. This is clearly not happening, as the protest movements about

trade negotiations, debt, climate change and other global issues demonstrate. These protests are much bigger in India, Brazil and other poor countries, but they have little coverage in the west unless its interests threatened. The rise in electoral support for fundamentalist, nationalistic and xenophobic political parties across the world also reflects fear and disenchantment with the current management of international affairs. People do not trust the way the world is run now.

Global governance is not easy in a complex world, where people's interests and needs are so diverse. But greater openness would enable diverse needs to inform and influence decisions. The following steps, drawn from the argument set out above, would go a long way to creating a real sense of international accountability:

- The UN General Assembly should adopt a short statement of principles for accountability and transparency in international decision-making, as a guide for all UN agencies and international decision-making bodies from the BIS, G8, NATO, OECD, Paris Club to Olympic Committee.
- The accountability procedures of all major international decision-making bodies should be systematically scrutinised and assessed, as the Charter 99 / One World Trust Global Accountability Project has begun to do.
- The track record of the UN Security Council should be subjected to a systematic, rigorous, independent scrutiny to assess its aims against outcomes, in order to test whether greater accountability and transparency will lead to improved performance. The Security Council is the apex of the UN system and granted executive powers to maintain international peace and security. This project should be undertaken by an NGO or academic body, funded by governments and foundations.
- State and regional legislatures should at very least establish mechanisms to scrutinise global decision-making affecting people in their area, creating a standing forum for the local impact of global issues to be considered and, if necessary, to input into the decision-making process.
- The world's 26,000 elected parliamentarians should be connected through an "electronic parliament", as proposed by EarthAction, to enable them to develop a shared debate about key issues facing the planet.
- Funding should be found to enable people of poor countries to be adequately represented in key decision-making processes.

These six steps could lead to a significant increase in global accountability: the first would provide clear principles that can be applied in a wide range of contexts; the second is already prompting global organisations to review and improve their accountability procedures; while the third would put a leading institutions of global governance under a spot light. The reason for choosing the Security Council is that security is widely recognised as a foundation of good governance. Over thirty million people have died as a result of armed conflict since 1945, so for them the Security Council has clearly failed. A rigorous examination of its record will be both an important exercise in accountability and could help to ensure that it is more effective in preventing deadly conflict in future. Finally, the last three recommendations are practical measures to connect international decision-making with the people whose lives it affects.

These steps require relatively few resources or difficult negotiations to achieve. A determined government or NGO could take the lead on any one and show progress within a year or two, rare in global politics. Once begun, they would develop their own momentum. They do not need new intergovernmental conferences, institutions or massive funding. But they would create master keys that enable millions of people to unlock international decision-making and make it transparent and accountable to the people it affects.

Governing the world through the coming century will be enormously challenging. Every day, officials of national governments, international agencies, corporations and NGOs make

rules that affect our lives. Strengthening transparency and accountability of existing decision-making process can help to ensure that everyone's interests are taken into account in ways that are fair and effective. In the longer term, it will help to bring about a democratic revolution in global governance and enable all the world's people to share its beauty and abundance without hunger, fear or want.

Titus Alexander, Chair of Charter 99.

### **Discussion**

This paper aims to promote discussion and action for making global decision-making more accountable, democratic and effective. We aim to publish in the autumn of 2002, taking account of comments. Your response to the following questions would be very helpful. If you disagree with any particular points, evidence and references supporting your case would be very helpful.

1. Do you agree that increased global decision-making is an inevitable response to increasing globalisation and global problems?
2. Do you agree that global governance is conducted through a wide variety of agencies, and if so, do you agree that our priority should be to increase the transparency and accountability of existing agencies? If not, what should our priority be and why?
3. Do you think that the nine indicators for accountability (p. # (p10) provide a useful basis for testing the accountability of international decision-making? If not, what would you suggest?
4. Do you agree that premature direct elections to assemblies for international decision-making bodies or for a world parliament could entrench and legitimise unequal decision-making? If not, how would you ensure that direct elections are not dominated by powerful vested interests?
5. Do you agree with the six action points proposed, and if so, what order of priority would you give them?
6. Would you be able to actively support any of the above proposals in any way, and if so, how?

Thank you for taking the time to consider these important issues. Please send comments to [titus@gci.org.uk](mailto:titus@gci.org.uk)

## Footnotes

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### Draft principles of accountability

The following is a summary of the key indicators of accountability developed by the Charter 99 / One World Trust Global Accountability Project:

**Equitable Decision-Making** means that all members have a fair say in decision-making. This may mean one country or one-person one vote, or it may mean votes in proportion to shipping tonnage, as in the International Maritime Organisation. What is equitable in any particular situation is a matter of judgement and acceptance by members.

**Member Compliance Mechanisms** ensure that the members of an institution uphold its agreed rules and policies. This applies particularly to intergovernmental institutions. Members are all those formally recognised as members, which may be governments in the case of intergovernmental institutions, shareholders in the case of corporations and individual subscribers or organisations in the case of non-governmental voluntary associations.

**Open and Fair Appointment of Senior Staff** means that staff are appointed on merit by open and fair competition according to clear criteria, not favouritism or nepotism. In international organisations, the criteria may include balanced representation of different nationalities, ethnic origin or gender. The important thing is that the criteria are agreed and known.

**Independent Evaluation** means that performance is assessed by different people from those who make and carry out decisions.

**Equitable Stakeholder Participation** means that all those affected by a decision have a proportionate say in how it is made. This is probably the most difficult of all dimensions of accountability, because it is ultimately impossible to know which decisions will affect particular groups or individuals. In a national democracy, all people are theoretically equal and people decide for themselves whether a decision concerns them and then use what avenues are open to them to influence the decision. In practice, many states actively consult or involve different groups of stakeholders in policy-making and sometimes decision-making, because it makes for better decisions and wider ownership. At a global level, this is more difficult.

**Effective Complaints Mechanism** means that people can seek redress if they feel adversely affected by a decision. This may include legal processes, such as judicial review or litigation, or an administrative process to deal with complaints. Again, it is in any organisations interests to be the first to hear a complaint. That way they can deal with it and improve their performance or public perception, depending on the cause of the complaint. Either way, the failure to welcome complaints means that the organisation will be the last to know about it, leading to a fall in public esteem and good will.

**Social Responsibility** means that the organisation is a 'good corporate citizen', adhering to international law and publicly agreed codes of conduct, such as the Universal Declaration of Human Rights, ILO Core Labour Standards, good employment practices and environmental criteria.

**Access to Information** provides the means for people to see for themselves whether an organisation lives up to the standards it proclaims, to know what decisions are being taken by whom, and to find out what happened when things go wrong.

More details available from [www.charter99.org](http://www.charter99.org)

# In the Name of the People: strengthening global accountability

## Summary

Most people and politicians do not know what is being done in their name at a global level, yet global decision-making is unavoidable: pollution knows no boundaries; disease and crime carry no passports; nuclear accidents do not respect national borders; while communications, trade and finance connect the whole world in ways that no government alone can control. In today's world, global rule-making is a necessary part of government.

International laws, standards and regulations are created by many different agencies, including national governments, international organisations, non-governmental organisations, transnational corporations and even private meetings of powerful people.

This paper argues that strengthening accountability is key to giving people a say in the global decisions that affect them and bring global governance closer to people. It uses the experience of continental governments like the US, India and Europe to show why the premature creation of a directly elected world parliament could entrench and legitimise unequal decision-making structures. Finally, it suggests how strengthening international accountability can help to realise the vision of a world federation of nations, prosperous and at peace with each other, where human potential flourishes.

Accountability is both about justice (people's right to have a say in decisions that affect their lives) and about efficiency (involving people affected by decisions can improve them and help to avoid negative consequences in the long term). It requires transparency, accessibility and means of redress. Accountability is essential for good decision-making as well as democracy.

In conclusion, the paper proposes six practical steps to increase global accountability:

- a short statement of principles for accountability and transparency in all international decision-making, for adoption by the UN General Assembly and other agencies;
- systematic scrutiny of accountability procedures of global decision-making bodies;
- a rigorous, independent scrutiny of the UN Security Council's track record, particularly since 1980;
- effective mechanisms within state and regional legislatures to scrutinise global decision-making;
- an "electronic parliament" connecting the world's 26,000 elected parliamentarians, as proposed by EarthAction.
- funding to enable people of poor countries to be adequately represented in key decision-making processes.

This paper aims to promote discussion and action for making global decision-making more accountable, democratic and effective. We aim to publish in the autumn of 2002, taking account of your comments. We particularly want responses to the questions on page 17. Please send comment to Titus Alexander at: [titus@gci.org.uk](mailto:titus@gci.org.uk)



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