GGPB

Geneva Global Policy Briefs

Nº4/2019

Thinking locally and acting globally is as important as thinking globally and acting locally

Walter B. Gyger

Executive Summary

► An all too common error: politicians, academics, social networks, and the media all tend towards focusing on problems and their possible solutions while neglecting governance-processes. For this reason, apparently good solutions negotiated at the top lead to problems when implemented at the bottom. The complexity of today's challenges and the opacity of decision-making by public governance-processes make it difficult for citizens to identify specific actors with specific decisions. They do not always understand the rationale behind certain decisions and therefore have difficulties to accept them. To find innovative solutions for overcoming the crisis of multilateralism and the reappearance of extreme nationalism one should as much think in processes as in solutions.

► The principle of subsidiarity is often invoked to define the adequate level for problem solving. However, many problems affect several levels of governance. Since governance-processes are different at international, national and subnational levels, solutions found for one level may not work for another. President Trump's decision against the Climate Accord and the "Swiss law first initiative" of the Swiss People's Party are good examples for showcasing the difficulties of implementing at national level solutions found at international level. National governance processes do not follow the same rules as international governance processes. The return to national solutions is often due to the fact that internationally negotiated solutions do not take sufficiently into account national and subnational particularities.

► Thinking globally and acting locally is not the panacea. When looking at declining cities and regions worldwide, struggling against unemployment, crime, drugs, lack of education, decrease of population, declining tax revenues, and deficit spending, the conclusion is that one should also think locally and act globally. Without improved governance at subnational level and without a systematic analysis of the intersections between the different levels of governance neither the crisis of multilateralism nor the rise of national egoism can be overcome.

Multilateralism is in crisis

The general debate of the 73rd UN General Assembly confirmed: **multilateralism is in crisis**. National egoism, selfishness, isolationism, protectionism and racism uncover their ugly faces. Authoritarianism seems in certain countries to become acceptable again. The world is less peaceful than in the past. The Institute for Economics and Peace, according to its Global Peace Index 2018, concludes that for the fourth successive year peace has deteriorated. However, **the crisis of multilateralism is not only a crisis of**

international but also of national governance. A mismatch between national and international governance generates situations where problems that ought to be solved are neglected. National and international structures have been created for problem solving. If they cannot deliver, they lose their credibility and by this their acceptability. Many citizens have the impression that things are going from bad to worse. The fourth industrial revolution is looming at the doorstep and terrifies them. People are frightened of the world to come. They are looking for safe havens and turn to their nation-states, believing populistic leaders with their easy solutions to complex problems. A better understanding of governance-processes could help to see clearer, to avoid mistakes and to solve problems with more effectiveness and efficiency.

Need for a better understanding of governance-processes

The first step to attempt for better governance is a better understanding of governance. A major problem is that everybody seems to have his own definition of governance. I first heard the term governance in 1983 at a meeting of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (DAC/OECD). A World Bank representative explained that the success of development assistance does not only depend on the quantity and the quality of aid, but also of good governance. By this term he wanted to illustrate how public institutions conduct public affairs and manage public resources are as important as any aid coming from abroad. With time the term governance has become quite popular, but somewhat indeterminate. One speaks of private and public governance, of corporate and nonprofit governance, of international, national and subnational governance, of sector governance, etc. Problems and the processes permitting to identify and solve them are often not clearly distinguished and confused.
What do all these terms used have in common? They relate more to a process than to a problem and its solution. Governance presupposes always an interaction of various actors sharing a problem, which they cannot solve alone. Thus, governance-processes are problem and solution driven, but should not be confounded with the problem and the solution. This leads to the following definition for governance:

> **Governance is a process of interactions between several actors for solving shared problems leading to decision making and implementation of the agreed solution**

Governance-processes start with the identification of a problem and end with the implementation of the solution. One cannot speak about governance without the involvement of two or more actors. There is no governance without a common problem. If an actor does not have the impression of sharing a problem with one or several other actors, there will be no discussion about possible solutions. The interaction process for finding a mutually acceptable solution to a problem stands at the center of governance. Before reaching this point, the problem and possible solutions must be identified. At the end of a governance process stands the implementation. The problem remains without the implementation of a solution.

Difference between governance and government

Confusion exists also regarding the difference between government and governance. The **Government** is the institution of a country in charge of ruling, guiding, controlling public affairs. Very often the term also includes the administration supporting the elaboration and implementation of a government's decisions. In a state of law, the competences of a government are clearly defined by the constitution and the laws. A national government participates in all national and international public governance-processes concerning it. However, it is not the only actor in those processes. A government acts only in the implementation phase alone. It can even use authoritarian, top-down methods, but under the political control of the national parliament, the legal control of the judiciary and under the carful watch of public opinion. Thus, **Governance** is much broader than Government. This term does not refer to an institution, but to a process of interactions of several actors for solving shared problems. Negotiation processes are the main instrument of governance at whatever level. A holistic approach is required to understand governance.

The trinity of governance

To use the concept of governance as an analytical tool for a better understanding of today's problems and for finding innovative solutions one needs to break it down into its components. Three different (1) levels, (2) phases and (3) types of actors can be distinguished. These three layers constitute the trinity of governance. This approach allows to come to the crux of the matter and to analyses the intersections between the various levels. There can we find the rub of the crisis of multilateralism and of the rise of national egoism.

1. The three levels of governance

The first layer of the trinity are the three levels of governance: (1.1) the national level, (1.2) the international level and (1.3) the subnational level.

1.1 The national level

The national level stands at the center of all public governance-processes. The competence to delegate competences to another level is located there. This is the main characteristic of a sovereign state. Governance-processes at this level are highly regulated and limited in scope to preserve a free space for individuals and other non-state actors. Typical examples for such limitations of state interference are human rights catalogues, e.g. the freedom of speech/expression, uncensored news, etc. Election laws and rules on the functioning of national parliaments and governments define the framework of national governance-processes. These rules and regulations are the bases for the acceptance of top down and authoritarian methods applied by governments for the implementation of solutions found.

1.2 The international level

Governance-processes at international level are less regulated than at national level. They may be based on international agreements; however, the decision-making processes are more governed by hard and soft power of the various actors and less by law. With very few exceptions the implementation of international decisions occurs at national level through national governance-processes. International organisations are neither part of a global government nor holders of competencies, which do not derive from member states. They may be actors on their own behalf in international governance-processes, but only if their member states have agreed to it. A special case among international organisations is the European Union (EU).

1.3 The subnational level

Contrary to the international level, the subnational level is fully regulated by the national level. The competence to delegate competences remains at the center. This can create huge intersection problems and lead to conflicts. Subnational actors may consider a problem as a governance issue and request negotiations, while national actors regard the same problem as a government problem to be solved within the existing legal framework, top-down, if necessary, by authoritarian means.

2. The three phases of governance

The second layer of the trinity are the three phases of governance: (2.1) problem and solution identification, (2.2) decision-making and (2.3) implementation.

2.1 Problem and solution identification

At the beginning of each governance-process stands the identification of the problem and the discussion of possible solutions. To obtain good results, the process should be as open and inclusive as possible. The respect of human rights is the precondition of success. Any limitation of the freedom of expression causes, in a longer-term perspective, suboptimal results of governance-processes. However, certain regulations may be needed to avoid abuse.

2.2 Decision-making

The decision-making process only starts after a problem and its possible solutions have been identified and after the actors have agreed to look for common solutions negotiation processes stand at the center of decision-making in governance-processes. At national/subnational level decision-making is regulated by the constitution (direct/indirect or representative democracy). At international level the existing international power balance is as important as international laws.

2.3 Implementation

The implementation process can only start after the various actors have agreed on a solution. It takes usually place at national level. The implementation framework is defined by the national constitutions and laws. A sustainable implementation is only possible in a state of law, based on a functioning legal system with checks and balances.

Only in theory do the three phases of governance occur in sequence. Of course, a problem must be identified before a decision-making process starts. But this does not mean that the public discussion on possible solutions will stop at that moment. Lobby activities are typical examples on how decision-making processes are influenced. The media will be particularly active in this phase. The problem identification and solution finding processes will not stop once a solution found. Weaknesses are immediately identified, requests for changes and reopening of the decision-making phase will be formulated in the media and in parliament. All things are interlinked. Very often governance is an ongoing process at all levels.
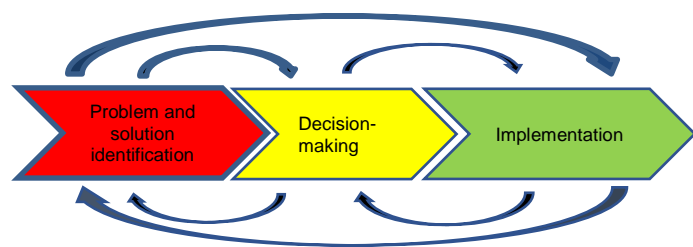
3. Three types of actors of governance

The third layer of this trinity are the different categories of actors. An actor in a governance-process is a person or entity with the capacity of having an impact on it. One can distinguish three categories:

3.1 Public Actors:
- National governments, their members and representatives
- Parliaments and their members
- International governmental organisations and their representatives

3.2 Non-Public Actors:
- Media and public opinion
- NGOs, lobby organisations
- Multinational corporations

3.3 Hybrid organisations (public/private actors)

It is not so much the actors that are changing at the various levels and phases of governance, but their surroundings, their motivations and their constituencies. At international levels a government tries to find solutions with other governments. At national levels the same government must negotiate the implementation of the solution found at international level with national actors. It is at the bottom-level that citizens are directly confronted with governance decisions which may have been negotiated far away from their daily concerns.

3.1 Public Actors

Public actors are persons or entities representing public institutions either at national, international or subnational level. Their freedom of action is subject to regulations such as the constitution, laws and conventions. The main public actors are governments and parliaments, their members and representatives. International governmental organisations can be associated with public actors. They are also subject to regulations and limitations as defined by the conventions by which they have been created.

3.2 Non-Public Actors

Governments, parliaments and international organisations are by far not the only actors having an impact on public governance-processes. They do not act in silos. First one has to mention the media as non-

public actors. They are pretending to be the sounding board of public opinion. Social media have changed the game and intervene at all levels and all phases of governance-processes. Special interest groups, organised in lobby organisations, and NGOs also try to influence such processes. The impact of corporations, a third category of non-public actors, should not be underestimated. Who has the say becomes apparent when considering that the turnover of certain big multinationals exceeds the respective GDPs of many countries.

Non-public actors defend their particular interests. It would be wrong to criticize this. Governance-processes must try to find an equilibrium amongst different interests. This is even their raison d'être. The confrontation of opposing views allows for identifying problems and finding compromises. However, not every non-public actor has comparable resources and respects sound ethical principles. Massive PR-campaigns, fake news, foreign interventions and even manipulations are just a few examples. While it is normal that in the first phase of a governance-process a broad exchange of opinion takes place, it is more problematic in the second (decision-making) and third (implementation) phases. Certain rules to avoid abuse may be justified. But, to find the right balance between freedom and restrictions is very difficult. Unnecessary limitations of the freedom of opinion/expression impact not only the quality of governance-processes but can lead to conflicts.

3.3 Hybrid Organisations (Public/Private Partnership)

Through the adoption of Agenda 2030 by the UN it was officially recognized that public actors alone are not able to solve all challenges of today's world. Its Goal 17 asks for a global partnership to implement the other 16 Sustainable Development Goals (SDGs). The need for public/private partnership is not as new as one could think. Since the establishment in 1869 of the International Telecommunication Union (ITU) cooperation between governments and the private sector has been recognized as vital. The International Labor Organisation (ILO), created in 1919, was built on three pillars bringing together representatives of governments, employers and workers in its executive bodies. Gavi, created in 2000, is the "Vaccine Alliance", which brings together public and private sectors with the shared goal of creating equal access to vaccines for children, wherever they live. In 2002, the Global Fund was created as a partnership organisation between governments, civil society and the private sector to pool the world's resources and to invest strategically in programs to end AIDS, tuberculosis and malaria as epidemics. Today hybrid structures to address complex problems are more frequent than one

thinks.

Intersection problems are the crux of the matter

The management of intersections is key for success

In our globalized world problems do not have borders and cannot be attributed just to one level. However, the decision-making and implementation of governance-processes are level based. Since all things are interlinked, certain actors do not know or respect borders, i.e. media act at all levels. Outside actors intervene in national and subnational affairs. The principle of non-intervention (non-interference in domestic affairs) which goes back to the Westphalian-System of sovereign states created in the 17th century, does not reflect today's realities anymore.

Many important governance issues cannot be attributed just to one level. Making a distinction between internal and external politics becomes more and more theoretical and artificial. Therefore, the management of the intersections between the various levels is key for governance success. At the international level a different power balance determines the outcome of the negotiation phase than at the national level. While the working out of an internationally acceptable solution happens at international level, the ratification procedure and the implementation take place at the national level. Special implementation laws may be required. They are defined in national governance-processes which follow other rules and reflect other power balances then at the international level. Furthermore, the "corpus juris" of each country changes quite frequently. What has been negotiated at an international level today, may not be implemented easily on a sustainable basis at a national level tomorrow. The complexity of today's problems and the opacity of decision-making of public governance-processes make it difficult for citizens to identify specific actors with specific decisions. Citizens do not always understand the rationale behind certain decisions and therefore have difficulties to accept them. There is clearly a communication deficit regarding multilevel governance-processes.

The international/national intersection

States and their representatives stand at the center of all public governance-processes. However, they cannot act in isolation of the international environment. States are part of a global system and of international/regional subsystems composed of a conglomeration of interrelated and interdependent parts, namely other states. Even if the national actors have the impression of being omnipotent, able and entitled to solve any problem for themselves, their actions take place within a community. The fact is that no state today is in a position to solve all its problems alone. Even if a state acts single handedly, it is influenced, and it influences others.

Furthermore, states are also systems in themselves, composed again of interrelated and interdependent parts, their national subsystems, e.g. Cantons in Switzerland, States in the US and Departments or Regions in France. At the national level state representatives may have the impression to be omnipotent, able and entitled to solve any problem, but their actions occur also internally within a specific environment. As we have seen, the national and international levels are interrelated, but governed by different power-structures, rules and regulations. The complexity of this relationship is difficult to understand, can easily be abused, and may lead in the mindset of concerned people to spurious correlations. Confounding factors and actors may give to less informed observers the impression that two or more events are causally related to each other, even when they are not.

The outcome of the Brexit-referendum on June 23rd, 2016 is a good example. The EU was made responsible for the difficult migration and employment situation in certain parts of the UK. People did not consider that the EU had contributed much to the economic growth and prosperity of Great Britain overall. Voters seized the Brexit referendum to express their dissatisfaction with an institution they did not understand and therefore did not like and made a spurious correlation between their anxieties and the European Union. In the United States, worried middleclass voters easily accepted the idea that the outcomes of various international governance-processes were responsible for their bad present situation and grim future perspective. People neither wanted to understand that the leading position of their country in the world economy was the result of a very successful US participation in international governance-processes nor that even a superpower like the US cannot solve major international challenges alone. Another example is the initiative of the Swiss People's Party to put Swiss law above international law. This reflects a thinking that does not correspond to international reality. Nevertheless, one third of the voters supported the initiative which was finally rejected in a public ballot on November 25th, 2018.

All these examples confirm the existence of huge intersection problems between the international and the national level. However, it would be mistaken to just declare that citizens do not understand what matters. The opposition of most British voters to EU

membership, President Trump's decision against the Climate Accord, the Swiss law first' initiative of the Swiss People's Party or the "Yellow Vests" protests in France all reflect a mindset and must be taken seriously. The global dimension of many issues is difficult to understand and to communicate. A selective awareness and focus as regards international issues occur at the national level. People hear, see and register what they want to hear, see and register and ignore other events that are happening simultaneously. Furthermore, the abundance of information facilitates manipulations and misinterpretations. People are selective and pick up information corresponding to their perception of their reality. Therefore, the management and the communication at the intersection between the international and the national level belong to the key challenges facing modern societies.

The national/subnational intersection

Often problems related to the handling of the national/subnational intersection are underestimated. Everything appears to be clear and regulated. The constitution and laws determine the relationship of actors within a state. This can function well. The referendum on Scottish independence showed in 2014 that even very difficult challenges can be addressed respecting the basic rules of a state of law. Problems arise when subnational actors think that a problem needs to be negotiated and are considering it a governance issue, while national actors believe that the constitution and national laws should apply. The referendum on the independence of Catalonia from Spain in 2017 is a good example. While the Spanish government and a majority of the parliament thought that the national constitution must be applied, the President of the Government of Catalonia, Carles Puigdemont, saw it differently. When his request to negotiate the independence of Catalonia was refused, he organized an independence referendum. Such examples are quite frequent. From a legal point of view, the Spanish government and parliament were certainly right. The question is, when does a government process (application of the law, top down, authoritarian) become a governance issue? This requires negotiations, considering not only the legal/normative dimension, but also political, sociological, economic and other perspectives? The Research Group on Causes of Conflicts of the University of Hamburg identified 238 wars between 1945 and 2007. Two third were internal conflicts and the second largest group were secession wars. This clearly shows the difficulties political actors face when dealing with intersection problems between the national and subnational governance levels. The Swiss example of the painful abolition of the special tax status for foreign companies shows the complexity for finding solutions within an existing legal order. In 2014 the EU and Switzerland agreed that under their bilateral agreements Switzerland should abolish the special tax status for foreign companies applied in many Swiss Cantons. This was, in other words, the outcome of an international governance-process. But the implementation takes place through a national governance-process. The federal government could not impose this outcome top down. It had to negotiate with the cantonal governments. The solution found in 2016 had to be presented and accepted by parliament but was rejected in a public referendum in 2017. So, the governance-process had to start again. In combining the corporate tax reform with changes in the pension system one hopes now to win a new referendum in 2019. Without such wearisome but necessary procedures between the subnational and national level, solutions found in international governance-processes could hardly be implemented in Switzerland.

It is as important to think local and act global as to think global and act local!

Looking at the present world situation, one could be tempted to speak not only of a crisis of multilateralism but also of statehood. Some argue that we are at the end of the Westphalian-System of nation states. An old order seems to collapse, but the new one does not yet exist. However, it may be presumed that also in the future different levels of governance will exist. The top cannot solve all the problems of the bottom and the bottom cannot solve the problems of the top. Certain problems will always affect the top as well as the bottom. This means that intersection problems will continue to exist. The Westphalian-System establishing territorial integrity and political independence of any state has shown its limits. The same is probably true for democratic systems based only on the principle: "the winner takes it all". Majority rule, without minority rights, splits societies and leads to majority tyranny, unrests and internal problems.

To correct the inherent weaknesses of the Westphalian-System the slogan "**Thinking Globally, Acting Locally**" was invented. Observing impoverished and declining cities and regions all over the world struggling against unemployment, crime, drugs, decrease in population, lack of education, declining tax revenues and deficit spending, the failure of this this approach becomes apparent. For people living in those cities and regions, the thinking global and acting local lead in their perception to their impoverishment. The most recent example of this is the "Yellow Vests" movement in France. The protests began November 17th , 2018 when across France people turned out to protest against an increase in fuel taxes that President Macron imposed in order to reduce energy consumption and tackle climate change, and to keep the budget deficit within EU requirements. This movement has the classic form of a grassroots protest and reflects the frustration over an

agenda which is neither understood nor bearable by lower income citizens and families. Without a better governance at all levels and a more systematic analysis of the intersections between the different levels of governance neither the crisis of multilateralism nor the rise of national egoism can be overcome. The correlation to "thinking globally and acting locally" is**: "Thinking Locally, Acting Globally"**. Many of today's problems are due to neglecting concerns of common citizens. Driving forces of the "Yellow Vests" protests in France are not the impoverished people in huge urban centres, but the people who live out in small towns and rural areas around the country. They feel completely forgotten economically, culturally, politically. What happens in France could happen elsewhere too.

In my view, one can only overcome the crisis of multilateralism and the rise of national egoism if one succeeds in addressing convincingly and effectively the problems at all the levels of our societies. Most of today's challenges are identified and various proposals for solutions are tabled. States and international organisations have been created to solve them. These structures are losing their credibility when they do not deliver. In the longer run even their legitimacy may be questioned. Time has come to concentrate more systematically on governance-processes. The big question is not what to do, but how to do? The international level cannot be separated from the national and subnational levels. The crisis of multilateralism is not only a crisis of international, but also of national governance. Governance at all levels must be improved. It is wrong, to address the different levels separately. A holistic approach is needed. One cannot solve the problems of the top without solving the problems of the bottom and vice versa.

Further reading

For further readings on the general debate of the 73rd UN General Assembly see e.g.:
https://gadebate.un.org/en

For the report on the Global Peace Index 2018 see: https://reliefweb.int/report/world/global-peace-index-2018

The Fourth Industrial Revolution, by Klaus Schwab, Penguin Books, 5 January 2017

Definition of basic concepts and terminologies in governance and public administration see e.g. the Note by the UN Secretariat, 5 January 2006, http://undocs.org/E/C.16/2006/4

The institutions of the European Union (EU) can pass laws (such as regulations, directives or decisions), which may take effect automatically in the legal systems of member countries or require them to pass national legislation to give effect to the EU laws. Thus, member countries may be directly affected by the treaties themselves, which may restrict what they can do. **However, the EU can only act within the limits of its competences.**

For further readings on Private Actors and Public Governance see e.g.:
https://elibrary.law.psu.edu/cgi/viewcontent.cgi?article=1006&context=fac_works
See: https://www.un.org/sustainabledevelopment/development-agenda/

For further readings on the Westphalian-System, e.g.:
https://ipfs.io/ipfs/QmXoypizjW3WknFiJnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Westphalian_sovereignty.html

Many sources are available for further readings about the Brexit-referendum in the net, e.g.:
https://www.bbc.com/news/uk-politics-eu-referendum-36612368;
https://www.independent.co.uk/voices/brexit-eu-referendum-results-june-23-the-day-britain-stopped-being-a-liberal-country-a7100096.html
https://www.theguardian.com/politics/2016/jun/24/britain-votes-for-brexit-eu-referendum-david-cameron

Further readings on the Swiss People's Party initiative to put Swiss law above international law see e.g.::
https://www.swissinfo.ch/eng/politics/vote-november-25--2018_hotly-debated--swiss-law-first--initiative-awaits-public-verdict/44559238

Further readings on yellow vest protest see e.g : https://fee.org/articles/7-questions-explained-about-france-s-yellow-vest-protests/

Further readings about Catalan Independence Movement see e.g.:
https://www.theatlantic.com/international/archive/2017/10/catalan-referendum-spain-independence/541656/

Website of the Research Group on Causes of Conflicts of the University of Hamburg:
https://www.wiso.uni-hamburg.de/fachbereich-sowi/professuren/jakobeit/forschung/akuf.html/

About the author

Dr. Walter B. Gyger is a retired Swiss Ambassador. He represented his country in the Russian Federation, Turkey, Azerbaijan, India, Nepal, Bhutan, Bangladesh, Senegal, Mali, Cap Verde, Guinea Bissau and the Gambia. Between 1995 and 1999 he was Head of the Swiss Mission to UN and other International Organisations in Geneva.

He joined the Swiss Foreign service in 1974, was trained in the Swiss Embassy in Tehran and served afterwards in Geneva (Economic Mission), Paris (OECD), Germany and was from 1987 to 1991 Assistant Director for International Organisations in Bern. He retired end 2011.

Since 2015 he is Primary Representative of Rotary International in Geneva and advisor to the Master Programme in advanced studies on European and International Governance (MEIG) at the University of Geneva.

About the Centre

Founded in 1963, the *Centre d'études juridiques européennes* (CEJE) is the leading Research Centre in EU Law within the Law Faculty of the University of Geneva. Under the direction of Prof. Christine Kaddous, Jean Monnet Chair *ad personam*, the CEJE is committed to developing high quality courses, training programmes and research activities on issues related to European Integration and Policies, the EU's role on the Internal scene as well as in Regional and Global Governance. In 2017, the CEJE was awarded the Jean Monnet Centre of Excellence label and is launching a number of new activities, chief among them being the GGPB Series.

The views expressed in the Geneva Global Policy Briefs (GGPB) are personal to the authors and neither reflect the positions of the Series Editor nor those of the Centre d'études juridiques européennes - Jean Monnet Centre of Excellence. For a free online subscription to the GGPB, please click *here*.

Publications in the Series should be cited as:
AUTHOR, TITLE, Geneva Global Policy Brief No ./YEAR [URL]

CENTRE D'ÉTUDES
JURIDIQUES EUROPÉENNES
Centre d'excellence Jean Monnet

Thinking locally and acting globally is as important as thinking globally and acting locally.
© Walter B. Gyger
GGPB Nº4/2019