

# Multilateralism and international governmental organizations: principles and instruments

International governmental organizations

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## Abstract

**Purpose** – The purpose of this paper is to build a conceptual framework helping to understand the relationship between the principle of multilateralism in global policy relations and the role of international governmental organizations (IGOs). The paper develops conceptual building blocks to design adequate for international organizations for result-oriented effective multilateralism.

**Design/methodology/approach** – Literature review and in-depth theoretical analysis served to construct a framework that helps to see the variety of IGOs against global policy problems they serve to solve.

**Findings** – The analysis highlighted several lessons that can be learned, including the need for an efficient match between the nature of the global policy problem and the mandate and the size of IGO. The paper indicated the importance of efficient mechanisms to make international organizations accountable to member states while allowing for effective leadership.

**Research limitations/implications** – The heterogeneity of IGOs makes a generalization difficult, hence, the proposed framework necessarily remains relatively generic. Still, this paper provides a first analytical basis for the comparison of IGO with regard to global policy problems they have been set to solve.

**Practical implications** – The author pointed to the way how to improve the fit between global policy problems and IGOs to make multilateralism more effective. The framework can be used to learn what can be expected from a given IGO and to see IGOs in their proper roles.

**Social implications** – The paper might of interest to decision-makers and international public opinion eager to either criticize or praise international organizations based on a simplistic, if not ideological approaches. The paper develops arguments that help influence the evolution of international organizations.

**Originality/value** – IGO are increasing in number and forms leading to confusion to their role and impact. This framework can be used to realistically assess the role of IGOs in global public policies.

**Keywords** Multilateralism, Global collective action, Global public goods, Output accountability

**Paper type** Conceptual paper

## 1. Introduction

The world is more interconnected and interdependent than it has ever been before (Montobbio, 2013). An international public opinion recognizes the growing interdependence of contemporary societies and states. The evidence of such an awareness can be found already in the Organization of Economic Cooperation and Development (OECD)'s convention from 1960, which states: "recognising the increasing interdependence of their economies" [1].

Earlier awareness of the common fate of modern societies was limited chiefly to economic interdependence: it was referring to international trade and investment flows.

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Nowadays analysts recognize interdependence that stretches beyond issues of trade and investment and encompasses among others environmental, energy or demographic dimensions (Wei *et al.*, 2019). An environmental interdependence results from the limited natural capacity of the planet gravely tested by the conjuncture of rising material consumption and the growing size of the world's population (Steffen *et al.*, 2015).

Interdependence results not only from natural sources but also it has been propelled by technological changes, including new telecommunication technologies and dynamic digitalization of economic and social life (Owen, 2015; Sicilia and Visvizi, 2019), and it has been sustained by a post-Cold War political intent to build a relatively open, rule-based, hence, stable economic environment for contemporary states in hope to increase the aggregate welfare (to assure “better lives” for the many). Such interdependencies can be called *horizontal*, as they refer to the conditions that determine the life of contemporary people. In addition, we can identify *vertical* (intergenerational) interdependencies, which by their nature are *asymmetrical*, that is, the conditions of life of future generations to a large extent depend on our choices and obviously not vice versa (OECD, 2011).

The paper explores the relationships between the principle of multilateralism and the functioning of international governmental organizations (IGOs)[2] asking whether multilateralism without IGOs (Devin, 2016) is sustainable while treating IGOs as instruments supporting the effectiveness of multilateralism (Ruggie, 1993; Zartman, 2012) whose ultimate aim is to produce positive outcomes to the world society. In particular, the paper examines the ways for an adequate definition of a nature of global policy problem showing how such conceptualization could be approached, then it discusses the problem of global collective action with multitude of actors and asks how to delineate the goals, to design tools and scope of activities of IGOs to help them to contribute to the effectiveness of multilateralism.

## 2. Public goods and contemporary transnational interdependencies

When trying to understand the characteristics (the roots, nature and challenges generated by them) of contemporary interdependencies it is useful to use the concept of public goods. In a classical formulation “global public goods must meet two criteria. The first is that their benefits have strong qualities of publicness—that is, they are marked by nonrivalry in consumption and nonexcludability. . . . The second criterion is that their benefits are quasi universal in terms of countries (covering more than one group of countries), people (accruing to several, preferably all, population groups), and generations (extending to both current and future generations, or at least meeting the needs of current generations without foreclosing development options for future generations). This property makes humanity as a whole the *publicum*, or beneficiary of global public goods” (Kaul *et al.*, 1999).

Global public goods provide benefits to all, but as a rule, are undersupplied (the undersupply concerns also knowledge). There exist also global public bads – things/events/processes that generate costs or damages. Terrorism, communicable diseases or financial instability are examples of this category.

Global public goods are rarely provided unilaterally (by one country), global bads, in turn, can rarely be prevented unilaterally (by one state or by one actor) (Kanbur, 2017). In addition, global public bads may be considered as “wicked problems” (Churchman, 1967) – problems lacking any definitive solution, as having multiple dimensions that cannot be harmonized or requiring the implementation of contradictory measures. Global problems are complex issues of global scope with implications for domestic policies, but, as they lack definite solutions, they often require sustainable, long term cooperation among all concerned parties.

Economists generally acknowledge that international economic cooperation, if national economies are relatively open to international trade and international investments, can

generate more aggregate wealth than the world of states relying on self-sufficiency. Yet, to maintain a relatively open trade and investment system there is a need to design, implement and sustain a set of international trade rules, otherwise, economic openness easily degenerates into damaging trade conflicts[3]. Economic openness can only be sustained, if it is supported by fair rules. Increasingly it can be seen that economic openness needs to be based on similar principles-related to the functioning of the domestic economy. Thus, contemporary trade agreements have become complex, “deep” as they cover many areas that beforehand had been considered as exclusively domestic (Table I).

The reason for such changes results from an attempt to prevent the countries with non-market based production systems from exploiting economic openness in a predatory manner by using heavy state subsidies, underpricing domestic inputs (due for instance to lax environmental regulations or politically manipulated exchange rates to distort competition to the detriment of market-based economies). Thus, for instance, the problem of global steel overcapacity results from the expansion of production in non-market economies that give their producers subsidies to expand their production, create unfair advantages for them and threaten employment in market economies[4]. The lack of adequate domestic economic policy rules might, then, undermine the economic efficiency rationale for international free trade and erode the significance of the rule-based trade framework[5].

### 3. Global cooperation and global collective action

Global problems can be solved in a unilaterally way if a single actor is able and ready to provide such an effective solution[6]. Such hypothetical situations happen rarely, if at all, in practice. Most of the time global problems require collective actions based on formal or informal (tacit or explicit) agreements. More than 50 years since the publication of Mancur Olson’s “The Logic of Collective Action” (Olson 1965), it is widely acknowledged that global collective actions cannot be assumed, but they need to be constructed, as usually rational actors (states, governments, etc.) calculate the costs and benefits of participating in them or staying aside, and may decide to “take free ride.” [7]

A global collective action involving states does not start as a spontaneous and simultaneous move of the many, it is triggered usually by an issue leader, for example, a state strongly interested in solving a given policy issue, which tries to involve other states or other relevant actors by designing a system of incentives to encourage participation in such a collective action and disincentives to potential free riders. Designing global collective actions requires the identification of common challenges and potential responses (approaches) that seem effective and efficient (to achieve these concerned parties need to build consensus about the origins of the challenge (problem) at the outset, to share data and agree on the results of evidence-based analysis)[8]. Then, there is a need for designing an approach, a mechanism or a process that incorporates the right balance between “hard” measures (enforceable treaties, standards or regulations) and “soft” measures that stimulate voluntary cooperation based on a shared understanding of the seriousness of an issue. Designing a proper model for a global collective action should start from the recognition of the possibility of a variety of approaches, models, and instruments that such an action requires and involves: from awareness raising activities to comprehensive formalized binding modes of cooperation (Axelrod, 1998).

### 4. The problem of sustainability of commitments and policies

Policies oriented to provide global public goods need to be sustained over time – sometimes even for decades like in the case of global climate policies. To sustain a global collective action there is a need for binding (formal or informal) commitments as the actors involved in a collective action need to act (pay, work and collaborate) together during a prolonged period.

As countries that have signed or declared, that they would stay faithful to their initial commitments regardless of circumstances (*declared intentions*), might face unexpected domestic political changes, there is a serious risk that declared commitments might not be maintained in face of domestic political disincentives (*actual actions*).

Examples abound: there are countries that have declared they would reduce the number of its low emission energy production sites by a given date, but then deny such commitments, when such reductions harm jobs in politically sensitive, for them, regions. Governments in a single currency area might judge staying within the formally accepted limits of budget deficit as detrimental to their countries' short term growth perspectives, although formally they acknowledge such rules as necessary for the long term monetary stability of the area if the fulfillment of international obligations seems harmful to the electoral results of parties that form such governments.

If ordinary and frequent opportunism of political actors is not to subvert the implementation and sustainability of global public policies, there is a need for instruments that would prevent or at least reduce, the likelihood of denying obligations and breaching commitments. The creation of an international commitment enhancing mechanism might be useful to this purpose. International bodies (secretariats or organizations) might fulfill such a function[9]. One of their fundamental roles is to help countries stay faithful to their commitments.

It seems that an IGO is better suited for this purpose than just a purely technical secretariat (Hurd, 2017; Rittberger *et al.*, 2019). IGOs are usually created by conventions and, by such an act of international public law, receive a double relative autonomy *vis-a-vis* its individual members[10]. An institutional autonomy of an international organization (Haftel and Thompson, 2006) means that, in an extreme case, all its initial members might exit and still the organization might continue its existence, if enough members remain in it or if other states enter and become members in the meantime[11]. A withdrawal of even a founding member does not usually discontinue the existence of a once created organization (such an event might, however, create a major or minor disruption) but not a direct threat to its existence. They also gain real (practical) autonomy because of their governance principles and management practices. IGOs, even if their decision-making rules allow for the majority (or other types) voting to try to avoid making rules in this way and they prefer lengthy, tiresome but not internally divisive, consensual decision-making. Usually, member states of an IGO set very broad guidelines that are then interpreted by the managers of an organization[12].

This gives broad powers to top executives of IGOs as they are best placed to engineer such a consensus by for instance redesigning agenda or playing against each other tensions or conflicts among their members. In addition, an IGO is usually monitored by officials from the governments of member states who do not have sufficient domestic political weight to enter a conflict with the managing staff of an IGO, even if they see a cause and purpose to do it.

For its members' international organizations are an instrument to solve common problems. They have been created to help to search for solutions to common problems, facilitate policy actions or even directly implement them. With time, however, an international organization might become inefficient, start serving exclusively their own staff and even lose its purpose. Thus, international organizations need to be made continuously accountable to their members. Such an accountability depends on the internal organizational rules of an organization (whether an organization has clear rules regarding decision-making, division of power and responsibility, whether it provides its members with accurate and timely information (Axelsson *et al.*, 2010) and it should be judged by the quality of outcomes it generates to its members and, indirectly, to the rest of the world. The dimensions of accountable leadership in IGOs lists basic criteria for accountability of IGOs to member states. They help also to understand why member states send

permanent representations to take part in the permanent monitoring of the way the organizations are managed.

The dimensions of accountable leadership in IGOs:

- (1) *The leadership selection process*
  - Does the international organization (IO) publish the criteria/terms of reference for leadership online?
  - What percentage of the membership is involved in leadership selection and re-election practice?
  - Is there a time-bound, published and exhaustive process for leadership selection that weighs competence against the published criteria?
- (2) *The leader's performance expectations and their transparency and consistency with IO's overarching goals*
  - Do the leader's set clear performance expectations for themselves, which are transparent and consistent?
  - Is there an expectation that the leader translates overarching goals of the organization into a manageable and clear strategy?
  - Is the leader obliged to disclose conflicts of interest?
  - Is the leader obliged to adhere to a published code of ethics?
- (3) *The existence of the leader's defined performance management program?*
  - Is the leadership subjected to annual performance appraisal?
  - Is remuneration or benefits tied to the outcomes of the performance management program?
  - Is the leader offered coaching and development opportunities to address weaknesses over time?
- (4) *Leadership re-election*
  - Are performance management criteria considered by the full membership in the re-election process?
  - Are other qualified candidates considered in the re-election process?
- (5) *The leader's authority and mechanisms to shift strategic priorities in changing circumstances*
  - Does the leader have the authority to shift strategic priorities in light of external changes?
  - Does the IO have processes that facilitate the implementation of new strategic priorities?
  - What percentage of resources are set aside for special initiatives decided by and controlled by a subset of the full membership?
- (6) *Leader's human resource policy*
  - Does the organization take staff surveys to assess staff satisfaction and performance and do leaders use the results of these surveys?
  - Is the leader assessed on mentoring and coaching of subordinate staff?
  - Is the leader obliged to participate in formal training programs serving own professional development?
- (7) *Setting strategic priorities*
  - Does leadership have the authority and mechanisms to shift strategic priorities because of changing circumstances?

(8) *Engagement with stakeholders*

- Does the organization have procedures to engage with a wide range of stakeholders?

(9) *Independent and effective evaluation*

- Does the organization have structures and procedures to engage with internal and external evaluations?

Source: Elaborated based on effective leadership in international organizations and the World Economic Forum, 2014.

Note: International organizations usually do not have formal performance evaluations of their senior managers and leaders – [Martinez-Diaz \(2009\)](#).

As earlier noted, even if founded by member states (and in a sense owned by them) an international organization gains the status of an external, to any of its members, body. It can, thus, play a multitude of functions that help member states to stay committed to their declared obligations and continue to participate in global collection actions[13]. These functions can be ranged according to the tools necessary for their implementation. On one end IGOs rely on the power of information and evidence (by collecting and sharing information and, hence, helping to create evidence) creating a transparent environment ([Nugroho et al., 2015](#)) helping to build trust in loyal cooperation among the sides to an agreement[14]. On the other end, IGOs might take advantage of delegated powers to carry out activities on behalf of member states, not unlike any executive agency in the domestic policy field ([Hawkins and Wade, 2006](#)).

A dense informational environment created by the work of an international organization helps to bind together interacting parties, as it is helping to forge a common definition of international challenges (problems) and to reach a shared understanding of the likely effectiveness and efficiency of policy instruments that need to be applied to solve (or attenuate) a given global policy problem ([Littoz-Monnet, 2017](#)).

Depending on the nature of an international policy problem an international organization can serve either as a coordination platform or a policy designing center or an implementation agent.

In its function of a *coordination platform* and international organization either supplies or verifies and certifies information and provides evidence, if this suffices to sustain collective actions or might design and, if agreed by member states, impose on members formally binding rules that support needed actions – in practice coordination might rely on soft or hard tools (or on a combination of them)[15]. This function best describes the work of the International Bureau of Weights and Measures.

As a *policy design center*, an international organization needs not only to collect and process information but also to develop ideas for policies (what needs to be done? Who needs to act? What instruments need to be used? How the expected outcomes need to be monitored?) that if properly implemented, will solve or attenuate an international problem and its negative consequences. This function seems central to the work of the OECD.

As an *implementation agent*, an international organization is called to carry on activities needed to implement a designed policy. For such a task an international organization needs to be equipped with adequate (financial, technical and human) resources. An organization as an implementation agent needs to assure continuity of its functioning, as especially human resources (staff) need to have a required quality. This function dominates the work of the World Food Programme.

International organizations are in different proportions financed both from assessed mandatory contributions of their member states and from voluntary contributions. The

exclusive reliance on mandatory contributions assure financial stability, but introduces rigidity, whereas a high share of voluntary contributions gives leaders an opportunity to flexibly adjust to changing circumstances[16]. Voluntary contributions to international organizations and their typical justifications as listed in Table II may lead to tensions between various stakeholders. Thus, for instance, member states may not wish the administration of an IGO to accept payments from certain actors or for certain purposes trying to streamline the work of an organization whose staff may believe such activities and resources help to strengthen a given organization.

A given international organization might perform one, two or all of these functions simultaneously or consecutively. Thus, an organization might initially have potential/latent/implementation capacity, which once activated might later become its core function.

In the contemporary world, there are many IGOs. Yet, there is no single principle for a precise division of labor among international actors (including international organizations), with no precise criteria to delineate an optimal policy area for a given IGO[17]. Still, confusion as to their roles and responsibilities or detrimental competition in the same field, need to be avoided. Thus, for instance, in a recent decade several multilateral development banks have been created: in Asia – the Asia Infrastructure Investment Bank and in the BRICS countries – New Development Bank. Such regional financing arrangements serve to provide emergency liquidity together with the IMF, but might also create confusion as to the division of responsibilities in the global financial system.

In sum, it is desirable that an international organization has a clear mandate, accountability rules and some conditions as to the possible discontinuation of its existence.

No.	Issue dimension
<i>“Border” issues</i>	
1	Tariffs on manufacturing goods
2	Tariffs on agricultural goods
3	Export taxes
4	Custom duties
<i>Behind the border issues (“domestic” issues)</i>	
1	Competition policy
2	State aid (subsidies)
3	Anti-dumping rules
4	Countervailing measures
5	TRIPS (trade-related intellectual property rights)
7	TBT (technical barriers to trade)
8	GATS (general agreement on trade in services)
9	SPS (sanitary and phytosanitary measures)
10	Flows of capitals
11	Public procurement rules
12	IPR (intellectual property rights)
13	Investment rules
14	Environmental laws
15	Labor market regulations
16	TRIMS (trade-related investment measures)

Source: Own elaboration

**Table I.**  
Areas covered in contemporary trade agreements

**Table II.**  
The rationale of  
voluntary  
contributions to IGOs

	Reasons for voluntary (earmarked or non) contributions
IGO member state	Target issues, themes or countries Test innovative approaches, mechanisms before decides to scale-up Gets into contacts with the recipient country leveraging IO's reputation and earlier experiences
Target country/target problem	Increases resources at its disposal Introduces flexibility to its actions Pilot ideas and initiatives before getting involved at a larger scale Gets support in needed areas/continuous to be examined Accesses knowledge and expertise/accumulates knowledge about possible solutions Trains its staff to autonomously pursue needed activities/gets continuous visibility

**Source:** Elaborated-based on reports on multilateral development finance, DAC OECD

**5. International governmental organizations: large or small; functional or territorially based?**

All global public policies rely on a form of international cooperation. Depending on the geographic scope of the policy problem it seems perfectly rational to expect the emergence of a continuum of “lateralisms” (Zartman, 2012). For a problem involving just two states, we would expect a cooperation between these two states. However, a bilateral cooperation is not equal to *bilateralism as a policy principle and an approach* (Krotz and Schild, 2012), as the latter claims that the aggregation of bilateral cooperation is sufficient to solve all international problems. Yet, such bilateralism is in practice not efficient because of high transaction costs and, furthermore, it offers a false response to certain types of international problems that are caused by “systemic effects.” [18]

Completing bilateral agreements that would become an equivalent to a single multilateral agreement is time-consuming and costly. Assume that all 28 EU member states negotiate bilateral trade agreements among all of them. If all member states ( $N = 28$ ) seek only bilateral agreements, the whole group would need  $\frac{1}{2} \times N \times (N - 1)$ , which is 378, bilateral trade agreements[19]. By creating a customs union and developing single market policies the EU has created a trade environment-based on just one “deep” multilateral trade agreement saving, thus, on transaction costs. Furthermore, bilateralism as a doctrine does not take account of what is called a systemic effect: problems that cannot be internalized exclusively by bilateral arrangements, as they generate externalities and have emergent properties – the properties that derive from underlying bilateral interactions but cannot be reduced to them: global financial instability or climate change might be seen as examples of such phenomena[20].

Thus, although in principle there is a wide set of choices regarding the scope of “lateral” cooperation: from bilateral, through trilateral to *n*-lateral (for the sake of brevity we can speak about “minilateral” and a maxi-lateral/encompassing all cooperation actors). This observation, however, does not suppress the opposition between “bilateralism” as a doctrine reducing all forms of international cooperation to the sum of bilateral cooperation and multilateralism, which assumes the need for multilateral cooperation that addresses at least the systemic issues and saves on transaction costs.

Bilateralism is a principle that might seem attractive to large players as they might try to impose one's advantages in any single bilateral arrangement. On the contrary, small players tend to believe that engaging large states in multilateral arrangements protect them against being exploited[21].

Multilateralism, thus, can be understood as an approach encouraging actors (states but also non-state entities) to collaborate to identify common problems (including global public goods and bads), to design methods to provide public goods, finance the provision or prevention and monitor the outcomes of common actions. Multilateralism is a core principle behind the institutional architecture of global governance. Global governance can be conceived as a set of rules and institutions embodying the principle of multilateralism (Lewis, 2017). Yet, multilateralism is not an end in itself, it needs to be seen as an instrument to solve common problems, to provide global public goods and internalize negative spillovers of human activities.

Multi ( $n$ )-lateralism might be of *territorial* or *functional* nature. When states enter cooperation agreements with their neighbors they tend to develop the institutions that serve their cooperation in the areas of common problems (cleaning the river, preventing cross-border air pollution, facilitating trade in goods, etc.). Neighboring states usually do not change in time, but common problems might evolve, hence, the territorial cooperation is usually supported by open-ended, multi-task institutions. Neighboring states interact over time, create closer or looser economic and political ties, but unless, at war, they work together to solve common problems.

In an era of technological and environmental interdependencies states might become increasingly involved in functional cooperation (Nye, 2020), that is, embodied by what can be called a functional  $n$ -lateralism. When money moves at the speed of internet to "tax heavens," national tax authorities need a common action of all, not only of their territorial neighbors but also needs to appear with regard the regulation of internet to protect privacy and data safety, to the taxation of digital activities or to a competition among internet platforms.

It can be envisaged that providing one global public good requires one international organization (according to the principle one goal – one instrument). It is, however, not always possible to set one specific goal, instead, some international organizations receive either a very general one goal or multiple goals[22]. Large  $n$  and all issues literalism are often ineffective and inefficient as it assumes the cooperation and collective action of all actors across all policy areas at the same time (Ostrom, 1996). It is more realistic to expect the emergence of a one-dimensional large  $n$ -lateralism, and many-dimensional small  $n$ -lateralism – the distinction between functional and territorial multilateralism exemplifies these types closely[23].

From a global governance point of view, there seems to exist the need for a multitude of  $n$ -lateralisms of various purposes, as there are many diverse global policy problems, a variety of instruments and forms of policy actions (Dennis *et al.*, 2015).

## 6. Conclusion

This paper presents a conceptual framework helping to assess the need for multilateralism, to analyze the fit between the nature of global policy problems the scope and form of collective action and the way IGOs can be used to institutionalize effective global policy actions. It is stressed that multilateralism as a general principle gains its legitimacy (approval and adherence) if it generates solutions to global problems – to put it differently – if it creates a global public value (Karunasena *et al.*, 2011), but even if global problems are not possible to be entirely solved, multilateralism

still maintains its attractiveness because of its procedural qualities, including the creation of norms assuring a faithful adherence to its principles, transparency of actions and the care for a fair burden sharing[24].

Increasingly, attenuating or solving global public problems requires understanding the linkages between foreign and domestic policies (Putnam, 1988). In an open economy, domestic policies generate consequences for external actors and, vice versa, the policies of foreign actors impact domestic conditions. International financial flows, for instance, because of their consequences for financial stability and tax revenues, call for minimal harmonization or at least transparency, of domestic accounting and taxation rules. To define how much a given company is because of pay in a given country there should be transparency in company financial reports and in domestic taxation rules and accounting principles. Similar problems emerge when one examines the growth of the digital economy (Fletcher, 2016) and its consequences for the regulation of competition (for instance regarding digital platforms), taxation of intangible assets (like brands) and intellectual property. The issue of taxation of the digital economy requires a global solution[25].

Despite a strong rationale for IGOs highlighted in Table III, IGOs are neither necessary nor sufficient components of all *n*-lateralisms. There might be collective (multilateral) actions taken without the involvement of any international organization, nor does their presence assure effective common actions. With the rise of non-governmental actors (global NGOs and multinational corporations[26]) intergovernmental multilateralism has gained new constraints and new partners. The international policy community has broadened to encompass new actors but to function efficiently it needs to rely on similar assumptions of rational and evidence-based analysis.

Still, multilateralism without IGOs will be *fragile and unstable*, as IGOs help to anticipate, understand and respond to global policy challenges. They are instrumental in constructing global collective actions both at the global and the regional levels (Blanco-Jiménez *et al.*, 2019). They serve not only their own members but also engage with other, external actors and warn about complacency in the face of global problems.

There are, thus, strong reasons to claim that effective multilateralism[27] is needed to address global challenges, provide public goods, level the international playing field and contribute to the search for common solutions to contemporary problems. Global economic, social and environmental challenges require well-designed multi-lateral actions that are rarely sustainable without IGOs.

Political legitimacy based on neutrality

Having global membership, string mandates and efficient governance structure international organizations are usually perceived as neutral actors able to effectively address policy issues that have transnational dimensions (global public goods and cross-border externalities)

Economies of scale in global actions  
A complement to and reinforcement of bilateral relations

International organizations offer economies of scale in the generation of their outputs be they specific services, standards or technical assistance  
International organizations help to create a multi-lateral framework that does not preclude, but to the contrary facilitates bilateral interactions

**Table III.**  
The Rationale for IGOs

**Source:** Elaborated-based on Rogerson and Barder (2019)

## Notes

1. The convention of the OECD from December 1960 – [www.oecd.org/general/conventionontheorganizationforeconomicco-operationanddevelopment.htm](http://www.oecd.org/general/conventionontheorganizationforeconomicco-operationanddevelopment.htm)
2. In this paper, we refer to IGOs. The Yearbook of International Organizations lists and describes at present approx. In total, 250 such organizations, while the institution that runs this register estimates that nowadays there are approx. In total, 75,500 international organizations (<https://uia.org/yearbook>). In the later part of the text I propose a more precise definition of multilateralism. The starting point is to assume that: “multilateralism is a process of cooperation between states-based on the principles set by institutions and international agreements” (Laidi, 2018).
3. Founding trade on generally accepted rules assures an optimization of joint benefits – this does not mean that there is just one single set of such rules or that they are not modifiable – (Malmstrom, 2018).
4. See “OECD welcomes outcome of Global Forum on Steel Excess Capacity Ministerial” – [www.oecd.org/newsroom/oecd-welcomes-outcome-of-global-forum-on-steel-excess-capacity-ministerial.htm](http://www.oecd.org/newsroom/oecd-welcomes-outcome-of-global-forum-on-steel-excess-capacity-ministerial.htm) – accessed: October 10, 2018.
5. In this context it is worth noticing the pioneering activities of the OECD, which already in 1978 adopted a regulation on *arrangement on guidelines for officially supported export credit*, which attempted to prevent such practices.
6. For examples of such hypothetical and real situations – (Barrett, 2007).
7. W. Nordhaus (2015) showed in a theoretical model that there is no possibility to create an optimal form for cooperation in the fight against climate deregulation, if free riders are not punished. He has indicated that such fines need not to be heavy to achieve positive results.
8. The principle of “evidence-based” (Majone, 1989) means using collected of objective information to evaluate past and shape the direction of future actions.
9. One can speak about a continuum of institutional forms of multilateralism: from ongoing dialogue of leaders in fora like G20 and G7, World Economic Forum, Chinese Forum Boao for Asia and Munich Security Conference to military organizations (like NATO).
10. The basis for granting to international organizations the status of legal persons is a verdict of the International Court of Justice in the case “Reparation des dommages subis au service des Nations Unies” from April 11, 1949.
11. Thus, for instance, the Article 17 of the OECD Convention says that “any Contracting Party may terminate the application of this Convention to itself by giving twelve months’ notice to that effect to the depositary Government.” Such a decision would not result in the dissolution of an organization. Other organizations have similar clauses. Thus, the US filed its notice to withdraw from the United Nations Educational, Scientific and Cultural Organization (UNESCO) in October 2017 and the USA has officially quit in January 2019. The US withdrew from UNESCO also in 1984, but later rejoined in 2003.
12. Barnett and Finnemore (2004) stress that “the authority of an international organization, and an administration in general, depends on their capacities to present themselves as neutral and impersonal bodies, and on the use of powers only to serve others.” Recently the staff association of the World Bank has kept stressing the need choose its new president in an “open, merit-based and transparent process.” “Given that staff’s perceptions of the legitimacy of the process will underpin the credibility of our next leader, the board would be wise to take such opinions into account” – the staff association added (“World Bank staff warn directors over Kim successor, in Financial Times, January 29, 2019).
13. General competences granted to international organizations and the interpretation of international treaties favor the autonomization of the organization and increase the power of administration. One of employees of the secretariat of the UN convention on biodiversity noticed that “when he was a member of a national delegation his ambition was to modify at least one word in the text, as an employee of the secretariat he can influence the whole text” (Biermann and Siebenhuner, 2009, p. 322).

14. For the International Maritime Organization did not make available to journalist an information about the agenda and statements of states delegates. This and other international agencies are under increasing pressure to apply transparency rules that already oblige in the public administration of their member states – see *Agency problems* in the Economist, November 24, 2018.
15. The principle and requirement of transparency, which accompanies multi-lateral negotiations at the fora of international organizations helps to reduce uncertainty and facilitate the emergence of cooperative behavior of concerned parties.
16. For instance 98 per cent of the UNHCR budget comes from voluntary contributions, 76 per cent of WHO contributions are voluntary, while in the case of the OECD the share of voluntary contributions oscillates around 50 per cent (UNHCR, 2013).
17. IGOs compete among themselves offering sometimes products on quite similar topic – see for instance the World Development Report 2019 on “Changing Nature or Work” and ILO’s “The changing nature of jobs - World Employment and Social Outlook 2015.”
18. As was succinctly noticed by R. Neustadt already in 1970 “reality is not bilateral” (Neustadt, 1970, p. 5). See also: [Centeno et al. \(2015\)](#).
19. Moreover, it is possible that many of 378 bilateral trade agreements will differ one from another, creating additional barriers to intra-area trade. The aggregation of bilateralisms rarely generates a uniform multi-lateral solution, instead it might generate an environment prone to conflicts, volatility and instability.
20. Generalized instability (financial, political and demographic/migratory) can be considered a global public bad as it spreads across dimensions and levels and is a root cause of systemic risks.
21. Among 193 belonging to the UN 105 are small states with populations smaller than 10 m persons.
22. This opens possibility for their managers to constantly reinvent the organization taking on new initiatives, but on the other hand such organizations strive to get financing that does match the ambitions of their leaders and rarely they get it – but ambitious leaders are needed to develop what is called an organization’s “mission mystique” or institutional charisma – see: [Goodsell \(2011\)](#).
23. Historically first international organizations served specialized international cooperation among many states. These were: International Telegraph Union (1865), the Universal Postal Union (1874), the International Bureau of Weights and Measures (1875) and Paris Convention for the Protection of Industrial Property, from 1883.
24. Multilateralism is a principle that can be modified and contextualized. From time to time emerges a thesis about the crisis of multilateralism but it gets reborn in new forms as: “the reality has become multi-lateral” – Newman E. *et al.* (2006).
25. The works on global tax policy is conducted by the OECD upon the G20 Leaders’ Summit in June 2012 focus on the need to prevent base erosion and profit shifting. In 2013 the OECD drafted its BEPS action plan, in 2015 the OECD/G20 report on the taxation of the digital economy. The 2017 G20 meeting requested further works that would propose both an interim measure and a longer-term solution – Lobb and Stack (2019) – more [www.oecd.org/tax/beps/](http://www.oecd.org/tax/beps/) (access: October 20, 2019).
26. Multi-national companies act at an international scale, small businesses might look seemingly local, but their aggregate impact might go beyond the borders of a state.
27. In a similar vein French President Emmanuel Macron said before the US Congress “the only option is to strengthen our co-operation. We can build the 21<sup>st</sup> century world order, based on more effective, accountable and results-oriented multilateralism” [*Speech by the President of the Republic, Emmanuel Macron, at the Congress of the USA of America- <https://www.elysee.fr/emmanuel-macron/2018/04/25/speech-by-the-president-of-the-republic-emmanuel-macron-at-the-congress-of-the-united-states-of-america-en> (accessed on January 29, 2019)*].

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