What perspectives for the Institutions of International Economic Governance

Conference report

Conference organized by Dauphine Governance and Regulation Chair

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What perspectives for the Institutions of International Economic Governance

Speakers

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Surya Sethi | Member Technical Advisory Board, Envision Energy India, former Indian Ambassador at COPs and former Chief Investment Officer at IFC, World Bank Group

Howard Shelanski | Professor at Georgetown University, US federal government

Mauricio Tolmasquím | Board of Directors, Eletrobras, former energy policy maker and regulator in Brazil

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Eric Brousseau | Governance and Regulation Chair, Paris Dauphine-PSL University

Jean-Michel Glachant | European University Institute

Summary

INTRODUCTION

Jean-Michel Glachant | European University Institute

Eric and I have worked together for twenty-five years, publishing what we call "books of ideas." These are collaborative works, produced not in isolation but with contributions from academics and practitioners worldwide. Our latest effort comprises forty chapters and fifty authors — a collective exercise in idea production: *The Oxford Handbook of Institutions of International Economic Governance and Market Regulation.*

Eric Brousseau | Governance and Regulation Chair, Paris Dauphine-PSL University

Today's conference addresses the reconfiguration of global economic governance amid escalating geopolitical tensions. The international order established after World War II and the Cold War is under strain as transactional diplomacy and regional realignments reshape trade, finance, and technology flows. Multilateral treaties and the institutions managing them face unprecedented stress. Are we witnessing the end of globalisation as we knew it? The rise of new trade blocs? Or a return to imperial rivalries?

To explore these questions, we have assembled distinguished experts with both academic and policy experience. Together, we will examine the extent to which the apparent fragmentation of the global economic governance affects trade dynamics, financial systems stability, the ability to cope with climate change and ecological disequilibrium, and the management of the digital transformation and the development of artificial intelligence. The discussion will be organized in two main segments:

- First, we will discuss the fragmentation of the global geopolitical order, particularly of the international economic governance.
- Second, we will deal with two central contemporary challenges undermining global governance mechanisms: climate change and ecological sustainability on the one hand, and governance of the digital society and AI development, on the other.

This conference coincides with the publication of the Oxford Handbook which aims at understanding the nature and dynamics of the various institutional and organizational arrangements shaping the performance of transnational economic activities. At each stage, I will briefly outline how the Handbook's authors address these issues.

ROUND TABLE

The Fragmentation of the Global Geopolitical Order

Opening Statements

Eric Brousseau

Is the fragmentation of international economic governance a reality? Are we moving from the imperfect effort to establish a global governance system fostering economic integration, competition, innovation, and development toward the emergence of regional economic regimes, or even the collapse of global governance in favour of bilateral transactional agreements advanced by the U.S., China, or Europe?

The Handbook emphasizes that fully integrated and consistent economic governance has never existed, and this despite intergovernmental treaties and organizations such as the WTO and IMF. Indee, these multilateral agreements have always been supplemented by numerous regional and bilateral accords.

Moreover, a significant portion of international coordination has been occurring informally, outside formal mechanisms: central bankers, regulators, and public administrations often cooperate beyond the radars exchanging information, aligning behaviours, co-operating on specific cases. Private actors have also been playing a critical role in international governance: industry associations, value chain coordinators, traders, intermediaries, and marketplace managers contribute substantially to the functioning of markets and value chains.

A central question, therefore, is to what extent the current geopolitical climate actually impedes the flow of goods, technology, and capital.

Simultaneously, the transactional approach and unilateralism promoted by certain political leaders generate uncertainty and undermine the rule of law embedded in mechanisms intended to resolve conflicts and secure legal and financial stability.

The Handbook underscores that, despite their imperfections, prior multilateral agreements provided internal and international checks and balances, limiting executive discretion in many countries. Such equilibria depended on respecting the independence of the judiciary and regulatory agencies – essential components of the previous economic order.

Thus, clearly, recent trends undermine the logic on which the global economic order has been based since the 1990s.

Surya Sethi | Member Technical Advisory Board, Envision Energy India, former Indian Ambassador at COPs and former Chief Investment Officer at IFC, World Bank Group

The Western-centric structure of global economic governance is collapsing, having been exposed as an instrument of neo-colonialism.

Oxfam estimates that the approximately 60% of central bank reserves held in U.S. dollars alone transfers roughly one trillion dollars annually from the Global South to the Global North, with some 30 million dollars of this amount accruing per hour to the wealthiest 1% in the Global North.

The World Bank, with poverty alleviation as it’s core mission, has acknowledged that there has been no reduction since 1990 in the 3.6 billion people living below its poverty line of $6.85 PPP (equivalent to less than $2 per day in India at market exchange rates). This represents 44% of humanity. In contrast, the wealthiest 1% of the World hold 45% of global wealth. This inequality is accelerating.

Between 1995 and 2015, global corporate supply chains extracted the equivalent of $232 trillion (in 2010 USD) from the Global South, where wages were 87–95% lower, collective bargaining rights were limited, and environmental and safety regulations were minimal.

Mechanisms of economic governance are increasingly weaponized through sanctions, asset seizures, tariffs, and selective responses, demonstrating clear double standards, in managing global conflicts. The global financial system, despite over three decades of negotiations, has failed to fund commitments to address pressing ecological challenges, while spending trillions to support narrow geopolitical objectives.

A multipolar, regionalized world order is emerging, prioritizing self-reliance, strategic autonomy, and national interests over conformity to externally imposed norms. Cost alone will no longer dictate economic decisions; ownership, reliability, security, and resilience will gain equal importance. South-South cooperation can strengthen the Global South under this evolving system.

Mauricio Tolmasquím | Board of Directors, Eletrobras, former energy policy maker and regulator in Brazil

The global economic order is not “collapsing”; rather, it is evolving and losing some of its authority. Institutions established after 1945, such as the WTO, IMF, and World Bank, continue to link the global economy, but they no longer exercise the level of control they once did. The WTO is nearly paralyzed; its appellate system ceased functioning in 2019 when the U.S. blocked the appointment of new judges.

Today, rules exist, but enforcement is weak. The IMF and World Bank still provide loans and policy advice, yet their political influence has significantly diminished. This loss of authority, however, does not equate to chaos.

Instead, we are witnessing what scholars describe – and the Handbook introduction also notes – as a polycentric order, with overlapping centres of power. Regional systems, small coalitions, and cooperative “clubs” are filling gaps left by weakened global institutions. Examples include the European electricity market, which connects 27 countries under common rules while maintaining flexibility, and regional integration projects in the Global South, such as the African Continental Free Trade Area and Mercosur, demonstrating that integration can promote development.

Fragmentation is not ideal, but can be functional if regional initiatives remain interconnected. Power is now distributed across multiple centres rather than concentrated. The United States, under President Biden, pursued a strategy combining cooperation with protectionism: the Inflation Reduction Act strengthened domestic industry and jobs while maintaining alliances. The Trump administration took this logic further, emphasizing fossil fuels, energy independence, and bilateral agreements. The objective remains national strength, but the approach differs.

Consequently, the world is more fragmented. It is not witnessing a restoration of Western leadership. Each major region is pursuing its own path: the EU leads through regulation, China through the Belt and Road Initiative, and the Global South through BRICS institutions.

However, despite the fragmentation, globalization is not over; it is simply manifesting differently. In 2024, global trade exceeded $30 trillion, with ports such as Shanghai, Singapore, and Rotterdam reaching record volumes. In Brazil, we imported about USD 2.5 billion in solar panels, nearly all sourced from China. In fact, 99% of our solar modules come from China. The world remains interconnected, though in a more selective manner. Each country now acts more strategically and politically. Supply chains are shorter, trade blocs stronger, and trust more critical than efficiency as a decision-making factor.

I anticipate a functional multilateralism. Smaller groups of countries will collaborate on specific issues (e.g., climate, energy, or technology), rather than attempting to address every challenge through a large global system, where consensus and decision-making are exceedingly difficult. Smaller coalitions—such as the G7 Climate Club, the International Solar Alliance, or the Global Biofuels Alliance—can act more decisively and achieve tangible results, provided they remain open, transparent, and inclusive. A coalition that excludes participation from other countries cannot succeed. Fairness and inclusion are essential; countries and their citizens must feel that they are part of the solution, not merely following rules imposed by others.

Howard Shelanski | Professor at Georgetown University, US federal government

We are witnessing, whether one characterizes it as a breakdown or realignment, a profound transformation of the global order. This change is driven both by political developments and by technological innovation. One consequence is the alteration of norms and reliability in the behaviour of certain States.

Political shifts in the United States—marked by selective interventionism, alongside a tendency toward isolationism—have disrupted previous norms. This approach prioritizes domestic benefit over global responsibility, affecting wealth flows from the Global North to the Global South and signalling a retreat from global institutional commitments. Consequently, regional realignments, bilateral agreements, and sub-global arrangements, are increasingly significant.

For inherently global challenges, such as climate change, regional alliances can promote more efficient, potentially influencing countries that would otherwise disengage, and drawing them back into collaborative initiatives.

Digital platforms and the ongoing digital transformation introduce further complexities for global governance. By enabling private actors to supplant traditional State functions, these technologies challenge conventional notions of governance and political control. Digital platforms disintermediate the State from the management of information, content, and data flows. While some argue that this disintermediation enhances individual autonomy and cross-border interaction—a perspective embraced by techno-libertarians in the United States and Silicon Valley—it also disrupts established global governance traditions.

Historically, States have regulated communication and media content, even liberal democracies. For example, the U.S. Federal Communications Commission allocated radio stations based on public interest criteria. Many countries enforce cultural content requirements and regulate harmful information flows.

When communication is directly mediated by digital platforms, State oversight becomes significantly more difficult. While China has developed extensive firewalls and monitoring systems, such controls are costly and require constant vigilance, and most countries lack the resources to implement similar measures.

The digital transformation also concentrates market power. Private actors now wield considerable influence over information and economic activity. Artificial intelligence, particularly foundation models and large language models, introduces non-human decision-making processes, where even developers may not fully explain outputs. These platforms influence global markets, directing consumer behaviour and capital flows across borders.

While not entirely immune to State intervention, major digital platforms are predominantly based in two countries—the United States and China. This concentration of wealth and influence can exacerbate global inequalities. Although these platforms create opportunities for entrepreneurship and economic advancement, the shift in market power poses challenges to global economic governance.

Artificial intelligence represents a disruptive technology with uncertain consequences. It may either reinforce existing power concentrations or broaden the distribution of technological and economic influence. I remain cautiously optimistic about its potential to democratize access to power, though we must recognize the associated governance challenges.

Enrico Letta | President of the Jacques Delors Institute and Dean of the IE School of Politics, Economics & Global Affairs in Madrid; former President of the Italian Council of Ministers

In today's world, fragmentation is the enemy and presents the most significant challenge. Fragmentation is a critical obstacle in Europe for two primary reasons: the European Union has expanded to 27 Member States, with further enlargement anticipated; over the past 30 years, global expansion has occurred at a different pace and scale, fundamentally altering the international landscape.

This divergence has created a structural challenge to European competitiveness. While the European Single Market was integrated under the guidance of Jacques Delors, the integration was only partial. Political considerations in the 1980s and 1990s prioritized the introduction of the euro, a remarkable achievement, over completing the broader single market integration. This focus absorbed considerable political and institutional energy.

Subsequent developments—the financial crisis, Brexit, and the COVID-19 pandemic—further complicated integration. Twenty-five years after the establishment of the single market, the incomplete integration of Europe's economic structures remains a vulnerability. Fragmentation undermines Europe's capacity to act collectively in a world dominated by large, centralized economic powers.

Unlike other global "blocs," Europe is internally divided in sectors such as financial services, energy, and technological platforms, including AI. Industrial and regulatory fragmentation persists: one must consider each country individually rather than Europe collectively. This fragmentation compels Europe to export jobs and capital, rather than attract them, given the 27 distinct corporate law systems and, in some countries, regional or federal subnational legal frameworks.

My overarching concern is that internal fragmentation remains Europe's most pressing structural challenge, particularly in relation to competitiveness and global influence.

In July, Xi Jinping, addressing the party's economic committee, emphasized the need to overcome internal barriers within China in order to establish a fully effective domestic single market. I found this particularly interesting, as Europe is pursuing a similar objective.

Currently, the year 2028 has been proposed by Von der Leyen as the deadline for completing the European single market and eliminating internal fragmentation. I strongly hope that the next three years will witness significant progress in Europe toward this goal.

Discussion: Is Fragmentation a Reality?

Surya Sethi

Fragmentation is indeed occurring. Unfortunately—or perhaps inevitably—this seems to be the trajectory of global governance today. The cohesion that existed post-World War II, which enabled the creation of enduring international institutions, no longer exists. Regional and national pressures are increasingly driving the formation of smaller blocks, such as BRICS, and the momentum for such alignments is rising. This is due in large part to the absence of a single global leader willing to reliably underwrite the commitments of international organizations. The United States, for example, has become less predictable and is now often perceived as an unreliable partner.

To address this situation, we must again focus on equity that has substantially eroded over the past decades. Disparities between the rich and poor have grown significantly, across multiple fronts, since the inception of the institutions of global governance 80 years ago. Importantly, the pace of growth in disparities is accelerating. The climate brings into focus the stark divide between the Global North and the Global South.

Mauricio Tolmasquín

The fragmentation described by Enrico, referring to internal European divisions, is distinct from the international fragmentation discussed by others, which relates to global trade and institutions such as the World Bank and the World Trade Organization. Both forms of fragmentation exist, and both merit attention.

The global economy is not disintegrating but reorganizing around trust. Today, countries trade and invest more with political allies than with the cheapest partners. For example, the United States funds semiconductor factories in South Korea, Japan, and Mexico—not merely where costs are low, but where political conditions are stable. Reliability, rather than pure efficiency, is increasingly the key driver of globalization.

Howard Shelanski

Fragmentation does not necessarily equate with collapse. In periods of political disruption and technological transformation, it is inevitable that global institutions and consensuses will shift.

We are witnessing the emergence of varied alliances and the independent regulation of transformative technologies, such as artificial intelligence. My optimism is rooted in the possibility that these changes will not lead to exploitation by a dominant actor, but rather to a new understanding of the intersection between global and national interests. This could foster a new set of negotiations, alliances, and institutions that are more attuned to contemporary political and technological realities. While there is risk, fragmentation is an opportunity to recalibrate global governance in a more effective and equitable manner.

Enrico Letta

Howard is correct: fragmentation does not automatically lead to collapse. My perspective, which aligns with Surya's observations, is that today's international organizations were established by a small, relatively homogeneous group dominated by the West.

Over the past 20 to 30 years, however, the global landscape has changed dramatically. For example, Italy and France were once among the world's top five economies, and Italy's economy was comparable to the combined economies of China and India. Today, China and India together are roughly twenty times the size of Italy. This shift represents a profound mobilizer of political energy and illustrates why nostalgia for past Western centrality—such as reflected in political slogans like "Make America Great Again"—resonates strongly in contemporary discourse.

The Two Contemporary Challenges Undermining Global Governance Mechanisms

Eric Brousseau

There are two principal challenges to the international economic governance system.

- **First, the ecological and climate sustainability of development**: how diverse countries and stakeholders might agree on contributing fairly and at the necessary level to the provision of this essential collective good ?
- **Second, the secure and ethical development of digital technologies, especially artificial intelligence.** Despite widespread acknowledgment of the need for a responsible AI, the strong competition among countries and private actors seems to impede the necessary global cooperation on the development, implementation and governance of this technology.

Ecology

Enrico Letta

Regarding sustainability, one of the most noteworthy institutional innovations is the COP system, a novel framework that integrates the functions of formal institutions with the active participation of Member States. Its effectiveness relies upon engaging all countries, including emerging powers. The Paris Agreement, for instance, could not have succeeded without the substantial involvement of these new global actors. Strengthening the COP system is therefore essential. COP is a complex forum, however: while scientific expertise is central to negotiations, scientists are not inherently diplomats. Training individuals to operate effectively as both scientists and diplomats is a critical educational priority, one that our current generation must address in an interdisciplinary manner.

A second example is the G20. Unlike the UN, where the Security Council reflects asymmetries rooted in history, the G20 represents a modern, inclusive forum for global discussion. However, the G20 faces challenges. Next year's G20 presidency will fall to the United States, but there is uncertainty regarding whether the U.S. intends to host or lead the forum. During a recent G20 Science and Technology meeting in Pretoria, South Africa, I observed a notable absence: the Western countries were not fully represented, removing any leadership continuity.

I strongly hope that both institutions – innovative approaches to global governance, capable of adapting to current realities rather than merely reflecting historical structures – can be preserved and strengthened, remaining effective platforms for addressing contemporary international challenges, including technological advancement and climate action.

Surya Sethi

By "collapse," I do not mean the complete dissolution of institutions. Rather, I mean their failure to deliver on their intended objectives. This is particularly relevant in the context of climate governance.

Unsustainable consumption by the richest 15% of the world has brought us to the current abyss. They are primarily responsible for the breach of seven of the nine planetary boundaries that underpin ecological sustainability. Our planet's ecological health is now in the high-risk zone. The breached planetary boundaries can, individually or collectively, unleash unpredictable, irreversible, and extreme ecological events, with positive feedback loops.

The most vulnerable humans —the bottom 50% globally—additionally face local environmental challenges related to air, soil, and water quality. These communities are unable to address such challenges due to resource and capacity constraints.

Atmospheric carbon concentration, one of the 7 breached planetary boundaries, has been the primary focus of global negotiations for over 30 years. GHG emissions have risen by 70 % over this period and are still growing. Climate science now demands a 55% reduction in current GHG emissions by 2030! It is difficult to see how this target can be met within five years when total carbon emissions have been rising since 1990 when reductions were first proposed. Importantly, there is no binding agreement to deliver even the 2050 net-zero targets that also lack sound scientific validity.

The Paris Agreement, while important in principle, has failed to uphold the equity-driven differentiation of commitments originally enshrined in the UN Framework Convention. For instance, China, still classified as a Non-Annex1 emerging economy, accounts for approximately 30% of global emissions—greater than the combined emissions of the entire developed world. India, soon to be the world's third-largest economy, with 22% of China's GDP, is home to almost half the climate-vulnerable population globally despite India's negligible contribution to global warming to-date.

The inequities are stark: the wealthiest half of the global population is responsible for 85% of emissions, while the bottom 50% contributes only 15%. Current consumption patterns, particularly among the wealthiest, exacerbate the problem, yet climate solutions are often expected to come from the poorest populations, which is neither feasible nor just.

Finally, projections for 2050 indicate that energy demand will increase by approximately 35%, with at least 60% of that projected demand still met by fossil fuels. Thus, even under optimistic scenarios, fossil fuel consumption will remain roughly at 80% of current levels even in 2050! This underscores the magnitude of the challenge we face.

Mauricio Tolmasquín

The world does not lack climate agreements; we have Kyoto, Paris, and Glasgow, among others. What is lacking is effective implementation that commands trust and public support. Climate policy is intrinsically a question of cooperation and fairness, closely linked to the broader themes of equity we discussed earlier.

Climate action is challenging because it is often perceived as unfair: the benefits—cleaner air, avoided disasters—emerge in the long term, while the costs—higher prices, job transitions, new habits—are immediate. This disparity drives protests, such as those observed among farmers and truckers in Europe, who do not reject climate goals but feel disproportionately burdened.

To mitigate these tensions, three elements are essential:

- **financial support**: rich countries pledged $100 billion per year for climate action, yet less than half has been delivered, much of it as loans. Without accessible finance, developing nations cannot implement rapid change.
- **justice**: climate transitions must protect workers and communities, as evidenced by the Yellow Vest protests in France.
- **participation**: involving citizens in decision-making fosters broader acceptance and engagement. Cities and local communities often lead innovation, from Bogotá's electric buses to Kenya's solar mini-grids and Germany's citizen energy cooperatives.

Government policy must facilitate green choices through infrastructure, affordable technologies, and reliable renewable energy. Similarly, companies respond to consumer and investor pressure; today, most large corporations have climate targets, not out of altruism but due to stakeholder demand.

In summary, the energy transition is real but fragile. Delays are already manifesting in heatwaves, floods, and droughts. Tools exist—technology, finance, cooperation—but effective implementation depends on coordination and fairness. The challenge is no longer whether action is possible, but whether it can be equitable and inclusive. Climate governance must therefore be both just and functional, protecting people and the planet alike.

COPs must go beyond ambitious declarations and prioritize tangible implementation. Brazil has outlined three key pillars:

- strengthening multilateralism,
- connecting climate policy to citizens' lives,
- and accelerating the implementation of the Paris Agreement.

My expectation for COP30 in Belém is that it emphasizes concrete measures over rhetoric.

I hope to see upgraded Nationally Determined Contributions, flexible finance for developing countries, and projects that integrate forest protection, energy, and employment. Without these tangible results, COP32 risks repeating the shortcomings of prior COPs.

Howard Shelanski

Technological solutions exist, and with appropriate coordination and behavioural incentives—such as robust public transportation and unhindered access to clean technologies—meaningful progress is achievable.

However, the magnitude of the challenge is often underestimated. From a U.S. perspective, domestic initiatives to advance clean energy and support the COP process have been deprioritized in favour of other economic objectives. The current strength of the U.S. economy and stock market is closely tied to sectors related to artificial intelligence, which demand significant energy resources.

One of the most significant developments in the U.S. energy sector currently is the construction of large-scale data centres and the corresponding energy infrastructure necessary to power them. This includes instances where private companies are even advocating for the reopening of nuclear power facilities. In the interim, however, increased electricity generation relies predominantly on natural gas and other fossil fuels to sustain this economic expansion.

Implicit in these developments appears to be a remarkably high discount rate on the future consequences of climate change. There is a diminished appetite in the United States to adopt the rigorous climate policies that previous administrations, including the Obama and Biden administrations, attempted to implement—a vision strongly endorsed by the late Kenneth Arrow, who advocated for a zero discount rate for future generations. In other words, the costs of ensuring a sustainable and economically prosperous planet for future generations should be internalized today.

This approach has not been realized. Regulatory guidance under the Biden administration that incorporated low discount rates for future costs has been repealed under the Trump administration. Thus, while economic imperatives continue to drive energy-intensive growth, regulatory commitment to sustainability has weakened, both domestically and in terms of international engagement through forums such as COP.

This trajectory is concerning, particularly given the United States' position as the world's largest economy, which is acting at cross purposes to the objectives outlined by Surya and Mauricio. The analogy of the frog in the slowly heating pot comes to mind: there is a real risk of inaction until the consequences become irreversible.

Surya Sethi

The financial commitments currently being discussed are insufficient. McKinsey estimates that meeting the 2050 climate targets would require approximately $3.5 trillion in additional annual investment over thirty years, in addition to redirecting $5.7 trillion of existing energy sector investments annually to clean energy technologies. The bottom 50% of the world has no capacity to raise such resources.

Importantly, the bottom 50% of the global population, did not cause global warming, and yet, this bottom 50% will bear its worst consequences.

The top 50% of the global population is responsible for 85% of current emissions and 93% of historical emissions. Expecting nations such as India or others in the bottom half of the world to find the resources to solve global warming is neither just nor realistic!

The original UN Framework Convention on climate change was based on equity considerations stemming from historical responsibility, respective country capabilities, right to development, poverty eradication, and mandated means of implementation. The Paris accord diluted these bedrock principles to non-binding voluntary contributions and payed lip service to the equity-driven differentiation that was the soul of the original UN Framework Convention on Climate Change.

Voluntary NDCs under the Paris Accord and Civil Society pressure, have failed to-date and cannot tackle the imminent ecological and environmental challenges facing humanity. The notion that the world can resolve these challenges without substantial structural change in global governance is, frankly, illusory.

Mauricio Tolmasquín

I do not claim to have a complete solution to these challenges. However, one crucial insight is that companies respond to incentives, not goodwill. For instance, during my tenure in the Brazilian Ministry, the introduction of auctions for contractual procurement of wind and solar energy led to a dramatic increase in capacity. Similarly, India's implementation of solar auctions with guaranteed long-term tariffs tripled private investment within five years.

Regulatory clarity and economic incentives—such as carbon pricing, green bonds, tax credits, and penalties—are fundamental to mobilizing corporate and societal action.

Howard Shelanski

While such instruments are a necessary first step, they alone are insufficient. Carbon pricing, while a theoretically valuable tool, cannot, by itself, resolve the structural and institutional deficits underlying the climate crisis.

Given the ecological benchmarks already exceeded, we must focus on rebuilding institutional mechanisms capable of addressing these problems systematically. Without a robust institutional framework, the combined threats of climate degradation and insufficient governance pose significant risks. From an American perspective, the current erosion of expertise, scientific authority, and engagement in global institutions further compounds the challenge.

Eric Brousseau

Many of the issues raised have been addressed in the handbook, which explores three primary avenues for progress in matter of sustainable development:

- building coalitions of the willing—particularly in Europe, where interests are relatively aligned.
- leveraging the reputational incentives of corporations, shaped by NGOs, consumers, and citizens;
- using research and development, including funding from both public and private sources.

These mechanisms offer tangible pathways toward addressing complex global challenges.

Digital technology

Eric Brousseau

Let us turn to the societal impact of AI and digital technologies, including their effects on political discourse, social cohesion, economic inequality, health, and fundamental rights. The key governance challenge lies in balancing innovation and experimentation with safety, social responsibility, and national sovereignty.

The handbook identifies two core difficulties. First, effective governance requires the engagement of technology stakeholders, who possess the technical expertise to implement solutions. Yet their global reach and de facto independence from national governments complicate regulatory oversight. Second, governments face a tension between the desire to regulate technological development and the strategic imperative to cultivate sovereign digital capabilities, which often reduces their incentive to constrain private actors.

Most governments, apart those from the U.S. and China, remain limited in their ability to govern these transnational technologies effectively. What are, therefore, the solutions for collectively and globally controlling the development of these technologies?

Howard Shelanski

Digital platforms, for the reasons outlined, raise profound governance challenges. The balance between public authorities and private technology actors is unprecedented. Historically, powerful private technologies, such as the AT&T monopoly under Theodore Vail, operated within national boundaries and were subject to eventual government oversight.

Today, AI and digital platforms are global in scope and deeply embedded in daily life, influencing work, communication, education, political debate, and social interaction. A small number of highly influential companies, often privately held, control critical digital infrastructure. There are no permits or regulatory levers equivalent to those available in traditional industries. Governance, therefore, depends on a collaborative public-private framework, yet current institutional structures are ill-equipped to impose meaningful constraints or coordinate international standards.

It is imperative that those developing these technologies engage in genuine partnerships with governments and other stakeholders. Large language models, for example, have capabilities not only to generate information but also to produce work products, videos, and other forms of content. Similarly, advanced browser technologies offer greatly enhanced memory, processing, and feedback functions. These technologies have the potential to generate significant societal and economic benefits, yet they also carry substantial risks. We are navigating uncharted territory on two fronts: the rapid pace of technological development and the critical dependence of modern life—both in the Global North and Global South—on these platforms.

Currently, governmental understanding of appropriate regulatory frameworks lags behind technological advancement. There is a tension between the need to avoid overregulation, which could stifle innovation and economic growth, and the necessity of mitigating considerable downside risks. At present, the interaction between large technology enterprises and governments is highly transactional, lacking consensus on governance norms, regulatory boundaries, or mechanisms for collaboration. In the United States, there is no cohesive regulatory framework; instead, a patchwork of state-level initiatives is emerging, which I anticipate will ultimately prove either ineffective or unsustainable.

Europe has taken significant but inconsistent steps in AI regulation, resulting in fragmentation among Member States. The overarching risk is that these technologies will become deeply embedded in society before any global consensus on norms, safety, or governance is achieved. I remain optimistic regarding the potential of these technologies to generate positive impact. However, there is an urgent need for coordinated global governance and consensus on how to work with those controlling these platforms to ensure societal safety.

The theme of this conference, and the insights from Eric's recent book, highlight a critical challenge: global consensus and strong institutional frameworks are most needed precisely when they are most fragile. The current lack of coordination represents a tangible risk as these technologies continue to evolve.

Mauricio Tolmasquín

Artificial intelligence is transforming work, education, and even cognitive processes. Yet its implications are not solely technological; they are fundamentally about governance. The rapid pace of technological innovation exceeds the speed of regulatory adaptation. Data flows freely across borders, yet rules are confined within national jurisdictions. We thus inhabit a world that is globally interconnected yet regulatorily fragmented.

Currently, three major models of digital governance exist. The United States prioritizes innovation with a "move fast, fix later" philosophy, which has generated technological giants such as Google and OpenAI but also introduced privacy and monopolistic concerns. Europe prioritizes protection, exemplified by GDPR, emphasizing early regulation to safeguard individuals. China follows a state-led model, embedding AI within national planning, which generates efficiency but also imposes tight informational controls.

These models influence global standards, yet enjoy little coordination. Many countries in the Global South adopt regulations they did not originate, as in Brazil, which has adapted European GDPR principles to local needs. Avoiding a "digital Cold War" is essential; if the U.S., China, and Europe develop divergent systems, global economic fragmentation will follow. Interoperability is therefore critical.

AI is not merely an economic instrument; it is a source of power. Decisions regarding information access, financial transactions, and employment are increasingly mediated by algorithms, granting considerable influence to corporations and governments. Transparency, accountability, and governance frameworks that integrate innovation with fairness are vital. AI can either concentrate power or democratize knowledge, depending on how it is regulated and implemented. The challenge before us is to align technological development with democratic values, equity, and inclusive growth.

Surya Sethi

Regulating generative AI is considerably more complex than implementing GDPR, as safety considerations extend far beyond individual rights to encompass social, economic, and political risks. Promoting innovation in AI also entails fostering economic growth, transforming service delivery, introducing new services, and strengthening both internal and external security.

Europe can learn from the United States' fragmented, sector-specific approach and China's centralized, national-priority model.

My principal concern is that AI may exacerbate global inequities, concentrating benefits in wealthier nations by widening the existing data divide. Furthermore, AI could undermine democratic processes through misinformation or biased service delivery in critical sectors such as health for instance. Geopolitically, AI already fuels rivalries through protectionist policies, cyber warfare, and autonomous weapon systems.

Without robust regulatory frameworks that keep pace with technological development, AI may empower non-state actors and corporations to act counter to broad public interests. Accountability remains challenging due to opaque algorithms. I acknowledge my pessimism. Yet, I remain committed to ensuring that future generations—our grandchildren—inherit a framework that allows these technologies to be harnessed responsibly.

Eric Brousseau

The handbook on global governance underscores the multi-layered nature of contemporary economic and technological regulation. Governance is exercised through intergovernmental agreements, private arrangements, and networks of experts, regulators, administrators, central bankers, and scientists. There is no simple solution; the system is intricate, with missing links and occasional inconsistencies.

The positive aspect is that even when intergovernmental consensus is unattainable, alternative governance pathways exist. The challenge lies in navigating this complex, multi-channel system effectively. Trust in the goodwill and competence of citizens, decision-makers, and institutional actors remains essential to managing these complexities. The handbook emphasizes that no single approach suffices; a layered, adaptive governance strategy is necessary to address contemporary global challenges.

Howard Shelanski

While the scale of these challenges is formidable, it is important not to lose sight of the extraordinary potential these technologies offer. I advocate for a measured degree of trust—or faith—in humanity to apply technological capabilities responsibly. It is crucial to ensure that the benefits of emerging technologies are equitably distributed and that these tools help mitigate, not exacerbate global disparities.

Mauricio Tolmasquín

The global system is not collapsing; it is in transformation. Power is shifting from a single dominant centre to multiple smaller centres. The process is complex and messy, yet potentially more realistic. Whether in the economy, climate, or technology, systems must deliver results while maintaining public trust. Governance requires both efficiency and legitimacy. The old global order delivered growth but lost trust. The central challenge for the emerging system is to reconcile growth with accountability and citizen confidence.

Surya Sethi

The challenges we face today are immense and must not be underestimated. The fundamental issue is the absence of a clear and committed leadership to navigate these crises effectively.

The central task is to build consensus for a multipolar world order, the final shape of which is still evolving. This urgently requires clear leadership, comparable to the role the Western alliance assumed at the end of the Second World War. Those actors endorsed and upheld commitments—whether for better or worse—and thereby provided stability. The challenges before us are more complex and multidimensional than ever. The magnitude and gravity of the difficulties we confront require a broad-based multilateral consensus.

Jean-Michel Glachant

The work which Eric and I, together with fifty authors across forty chapters, have compiled is intended to provide guidance to readers while also clarifying the global context. I wish both the readers and the world success in implementing these insights.

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