MAKING INTERNATIONAL ORGANIZATIONS MORE DEMOCRATIC

Alois Stutzer and Bruno S. Frey

University of Zurich
and
CREMA - Center for Research in Economics, Management and the Arts

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Abstract: World governance today is characterized by international organizations short of democratic legitimacy and control by the citizens they claim to represent, as well as criticized for being inefficient. The results are violent protests and a growing influence of NGOs. To address these problems, we propose international governance based on the democratic idea of citizen participation: All citizens of the member countries of international organizations have the potential right to participate in international organization decision-making via initiatives, referendums and recalls. In order to reduce transaction cost, a representative group of citizens is randomly selected that has actual participation rights. (98 words)

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Institute for Empirical Research in Economics, University of Zurich, Bluemlisalpstrasse 10, CH-8006 Zurich and CREMA – Center for Research in Economics, Management and the Arts. Phone: +41-1-634 37 29, fax: +41-1-634 49 07, e-mail: astutzer@iew.unizh.ch, bsfrey@iew.unizh.ch. We thank Matthias Benz, Robert Cooter, Christoph Engel and Henry Hansmann for valuable comments.
I. **Problems With Global Governance**

Many of the institutions in the area of global governance are continually faced with violent protests. In particular, the meetings of international organizations such as the IMF, the WTO and the World Bank or of private organizations such as the World Economic Forum are heavily challenged by large scale and violent protests. These complaints get substantial attention in the media; they spend as much space and time to reporting on the demonstrations and demonstrators as on the issues debated at the official meetings.

The major charge brought forward against the institutions involved in international governance is that they favor “unjust” solutions to the world’s problems. The protesters complain about these institutions’ neglect of the poor and are convinced that globalization raises, rather than diminishes, the share of people living in poverty\(^1\). They also blame these institutions for neglecting environmental degradation. International organizations have moreover been accused of large-scale inefficiency and waste and of being ineffective in the sense of not being able to put policies into action or to enforce them. Still others complain about the “democratic deficit” of international organizations and deny the legitimacy of many representatives of the so-called global civil society involved in international governance. Rather than being reflective of “world opinion”, they represent special interests accountable to the donors who fund the NGOs’ activities.

Several causes have been diagnosed to make for these failures: First, taxpayers of the nations funding the international organizations (the principals) do not effectively and sufficiently determine the behavior of bureaucrats in international organizations (the agents). Second, international agreements involve the provision of public goods and thus provide incentives for free riding. This problem is aggravated because external enforcement of agreements is very limited between sovereign states. Third, the delegation of competencies to international organizations and their policy making under current forms of democracy lack the procedural qualities so that people in member countries feel as empowered citizens with autonomy and influence. Current rules rather make

\(^1\) Whether this is indeed true is another matter. For the view that globalization is good for the poor see, e.g., Dollar and Kraay (2000).
international organizations vulnerable to the influence of the governments of single member countries, business interests, and NGOs.  

Many solutions have been offered to improve global governance and to overcome the specific problems identified. One is to increase transparency so that the people concerned know better how the various policies suggested and actually undertaken are going to affect them. Another is to tighten the rules, standards and criteria under which international institutions act. While these measures are useful, they are certainly not sufficient to overcome the mentioned failures in international governance. A much further reaching proposal is to establish a World Government. As it covers the whole globe, it is thought of being capable to optimally provide the global public goods, and to reduce or even prevent global public bads. It is also expected to overcome the inequality existing in today’s world.

But there are major arguments against a World Government. In fact, it is neither desirable nor feasible. A World Government must by necessity be a large bureaucratic organization which will, if anything, even be more inefficient and wasteful than the existing international organizations. But even more importantly, individuals will be totally dependent on this new government. Those persons who do not agree with its policies, or feel oppressed due to a lack of freedom or too high and unjust taxes, have no possibility to evade by migrating elsewhere. “Exit” thus is impossible which robs dissenting people of an important possibility to make their dissatisfaction visible to the political decision-makers (Hirschman 1970). The leaders of the World Government concentrate unprecedented power in their hands. As has often and rightly been remarked, absolute power corrupts absolutely, and there is no reason why this should not apply to World Government. Such a Government is, however, most unlikely to evolve in the foreseeable

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future because the nation states dominating the present world system, in particular the United States, cannot reasonably be expected to relinquish even small parts of their power in favor of a World Government.

We propose a different approach to international and world governance based on the fundamental democratic idea of citizen participation. While we are convinced that this proposal fundamentally changes world governance compared to today, we restrict it to improving the working of international organizations.

Our proposal is based on two design elements:

1. All citizens of all member countries of a particular international organization have participation rights in international political decision-making.

2. All citizens are given the same chance of being able to participate.

The first design element refers to the advantages of democratic decision-making that are to complement hierarchical decision-making in international organizations. Citizen participation is proposed to be a political right enshrined in the “constitution” of an international organization. Thereby, participation rights consist of three democratic instruments: (i) Citizens can propose changes to the ground rules (or constitution) of the organization. If enough citizens sign a popular initiative, the proposal has to be put on the voting agenda and becomes a binding rule if approved in a ballot held in all member countries. (ii) Fundamental changes of the ground rules or extensions of international agreements have to be approved in a mandatory referendum. (iii) Citizens can initiate recall of top bureaucrats in international organizations. In this proposal, citizens’ participation rights do not include elections. The appointment of top public officials in international organizations is left at current practice.

Citizens’ involvement is thus understood as direct democratic participation. There is a broad knowledge in political science, law and economics about the working of direct democracy in jurisdictions as big as, e.g., California. While there are international

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3 But our proposal could also be used beyond international organizations, in particular to new forms of public governance such as the establishment of functional, overlapping and competing jurisdictions (so-called FOCJ). They are shortly discussed in section IV.

4 Alternatively, a referendum could only be held if required by a certain number of citizens or member countries.
organizations of a size comparable to that of California with regard to the population of its member countries, there are also many organizations representing many more people. Conducting referendums with a citizenry of a billion people is barely manageable and produces high transaction cost.

We, therefore, propose the second design element that introduces a mechanism to reduce the number of people with actual participation rights. This can be reached by using the principle of random selection among all the citizens of the member countries. The term “random” in everyday usage is associated with aimlessness, haphazard, uncertainty, or indifference. Here the word is used as in statistics where a random sample gives every member of a population the same probability of being selected. Random selection thus means that every citizen of a member country in an international organization is given an equal chance of being chosen. He or she is in this sense a precise representative of the underlying total citizenship. The basic democratic idea is that every person is capable of making a useful contribution to political decision-making, exactly as every citizen in a representative democracy has the power to vote independent of his or her income, education, gender, religion or race. As we see the main novelty in the second design element, we focus in the remainder of the paper on random selection.

We expect from our proposal improvements in four directions:

(1) International organizations allow effective citizen participation in decision-making on issues of content;

(2) Efficiency is raised by effectively controlling the executive politicians and public officials in international organizations.

(3) The influence of special interests in international governance is weakened relative to latent groups and is channeled within the rule of law.

(4) Collective decisions become more self-enforcing due to strengthened legitimacy of international agreements.

The next section of this paper discusses the institutional design of random selection in international organizations. Section III lists advantages and disadvantages of our proposal. The following section compares the random selection of organizational citizens to other proposals for improving global governance. Section V concludes.
II. Basic Idea and Institutional Design

We propose to overcome the lacking democratic foundation and efficiency of international organizations by empowering the citizens of the member states to have a say in the decisions taken. In order to deal with the often large number of citizens involved the voting body is reduced to a size allowing voting to proceed in a manageable manner. This is to be achieved by selecting a restricted number of persons via a random mechanism giving each person the same chance of being chosen. The randomly selected citizens are given the right to vote on issues of content by using popular initiatives and referenda, and by recalling the international organizations leaders in case they disagree with their performance. These instruments of direct democratic participation are well known and carefully studied in political science, law and economic research. In this paper, we combine them with a mechanism that allows taking advantage of citizen participation while keeping transaction cost at a low level. As the main novelty of our proposal lies in the aspect of random selection, this aspect is also emphasized in the following analysis.

A. Random Selection

Using the random mechanism to select from all citizens with potential those with actual voting rights represents a constitutional choice behind the veil of ignorance\(^5\) between the many possible social decision-making procedures. The best known such procedures are the market, democracy, hierarchy and bargaining but there are others such as decisions according to tradition (Dahl and Lindblom 1953). The constitutional approach is procedural or process oriented; it does not consider particular outcomes but looks at the way decisions are reached. Decision-making mechanisms are chosen so that in the long run, given people’s interests in the current political process, people’s preferences are satisfied best. Thereby, people have preferences about the process as such and experience procedural utility beyond the utility from the outcome reached (for a survey see Frey, Benz and Stutzer in press). The procedural good of central importance for democracy is that ordinary people, rather than a self-selected elite, take the ultimate decisions in the

international organizations. Empirical research indeed suggests that the possibility to participate provides procedural utility independent of outcome utility\(^6\).

The random mechanism here suggested assigns by definition an equal probability to each citizen to be chosen as a representative. The random selection may in practice be undertaken by using any appropriate mechanical system (such as lots) or by using computer programs. The underlying population from which the representatives are selected may be taken from the vote registers of the countries being members of the particular international organization, assuming that these countries are (at least in a formal sense) democracies.

The random mechanism is rarely used in politics\(^7\). In particular, modern democracies favor elections. But there are many examples where random procedures are used, such as in games of chance such as lotteries and roulette, decisions among friends when other methods run into problems, in scientific research (e.g. for drug testing or to decide between competing empirical models) or university entry. But in the political realm random mechanisms have also been used. They can firstly be used as a strategy to make decisions. An important example is conscription for military service. In the 1970s the U.S. government, for instance, used a lottery based on birthdays to determine which men were drafted into the army in order to fight in Vietnam. Draft lotteries were also used during World Wars I and II both in the United States and in several European countries. Every eligible man should have an equal chance of being chosen.

Random mechanisms can secondly be used as a strategy to choose between decision makers. The best known example today is the choice of persons to form a jury in serious criminal cases such as murder, but sometimes also in civil cases. Criminal juries are of major importance in Anglo-Saxon countries but also exist on the European continent, especially in Scandinavia. While professional judges are certainly more knowledgeable, the major reason for randomly selected jurors is for justice to be perceived as fair.

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\(^6\) The respective econometric analysis has been undertaken using self-reported subjective well-being data in a cross-section over the 26 cantons of Switzerland which grant their citizens unequal political participation possibilities (Frey and Stutzer 2002a,b).

\(^7\) Extensive discussions of the use of the random mechanism in politics are provided by Elster (1989, chapter II) and Carson and Martin (1999). They refer to much additional literature.
Persons drawn by chance from the whole population are seen to be, on average, more honest than some professional judges and to reflect more closely the moral standards in the population. Moreover, fairness may lie in being heard and judged by ordinary people drawn from the whole population.\(^8\)

The past has known important cases in which random selection has been used. Classical democracy in Athens in the fifth and fourth century B.C., which is still a model of today, used random selection as a central feature (see e.g. Manin 1997, Hansen 1991, Engelstad 1989). The Assembly, which every one of the between 30,000 and 60,000 citizens could attend, took the most important decisions. Its business was prepared by the Council of 500 members composed of ten sections of 50 members each. Each section was chosen by lot from one of the ten tribes of Athens. Each section took a turn as the Committee (prytany), and their order was determined by lot. The person presiding the Assembly, the Council and the Committee were chosen by lot on the day they met. In addition, most public officials were chosen randomly. The only exception was when competence was considered primordial for an office, such as military officers and financial officials who were elected. Moreover, not all citizens could become officials selected by the random. They had, for instance, to be older than thirty years. They were also subject to an assessment at selection as well as at the end of their terms.

It is likely that other ancient Greek city-states used similar random mechanisms to select their politicians and public officials but the respective rules are little documented. But random choice is well documented for the medieval Italian city-states. It played a large role particularly in Florence between 1328 and 1530 where the six to twelve members of the city government (whose term was quite short, sometimes only two months) were chosen by lot among the volunteers for office. Their ability for the job was scrutinized by a group of aristocrats and of citizens. The latter were again selected by lot. Random mechanisms were also extensively used in other Italian city-states such as Bologna, Parma and Vicenza, as well as in Barcelona. It was used in Venice until the city’s independence was terminated by Napoleon in 1797. The selection process for the doge was very complex and at each stage involved random elements (see Knag 1998). First,

\(^8\) In reality, neither the draft nor juries are chosen by a perfectly random way, see Carson and Martin (1999: 20-21, 26-30), Elster (1989:93-103).
thirty members of the Great Council composed of several hundred members were selected randomly and then reduced to nine by another draw. These persons elected a new group of forty, which in turn were reduced to twelve by another draw. These twelve in turn elected a new group of twenty-five which was again reduced by a random mechanism to nine. This went on several times. Only then a group of forty-one, none of whom could have been chosen previously, elected the doge. In the 1900s in San Marino, a similar procedure was used to select the state’s two governors form the sixty-member council (Carson and Martin 1999: 33).

**B. Advantages and Disadvantages of Random Mechanism**

As is true for all social decision-making mechanisms, random selection has its strengths and weaknesses. Only the most important ones are mentioned here (for a fuller discussion see Carson and Martin 1999: 34-38; Elster 1989:103-122).

Major advantages are:

- A random selection is fair in the sense that every person gets an equal chance of being selected\(^9\). If the random mechanism is correctly applied, no other consideration, such as income, status or political connections plays any role.

- The selection is totally representative as, after a number of draws, the persons chosen exactly reflect the underlying population of voters. No gender, race, religion or any other group is favored.

- The random mechanism is able to overcome indeterminacies otherwise difficult to overcome. This feature is quite often used in private life for this purpose.

- A random mechanism ensures that over the long run no minority is underrepresented. This is in stark contrast to traditional majority voting where even a sizeable group, but with less than fifty percent of the vote, can be kept out of power indefinitely. The random system thus helps to prevent the domination of one group at the cost of others.

\(^9\) This holds, of course, only for draws with equal probabilities which are the rule. But it is easily possible to assign a person, or group of persons, more weight, e.g. they are given two times or three times as much weight. But the argument carries over in the sense that no other considerations enter.
- Decisions by lot are easy to undertake and are universally applicable. A common method is to decide between two issues is to flip a coin, with more issues to put balls into an urn from which one or more balls are selected by a mechanism or a person (these procedures are well known from lotteries, and are regularly shown on TV).

There are also important disadvantages:

- The random method seems to lack “rationality” in the sense that no reason for a particular choice is given. But individuals seem to have an innate need to attribute a choice to reasoning. Not to have any reason for a selection leaves a feeling of dissatisfaction. Hence comes the interpretation of random mechanisms being aimless, haphazard and indifferent.

- The persons chosen tend to have a reduced obligation to take seriously the task they are chosen for. Exactly because they are chosen indiscriminately, they can hardly pride themselves of having been selected because of their intelligence, dedication, efficiency or knowledge. As a result, the intrinsic motivation to perform well is reduced (this is a “crowding-out effect”, see Frey 1997b).

While this argument rings true, it is of lesser importance in reality than one might expect. Careful psychological experiments suggest that even purely randomly selected persons, after a short time, tend to attribute themselves positive features once selected. They at least to some extent believe that their choice has been “god’s will” (an aspect crucial in Athenian democracy, Elster 1989:50-52) or, in a secularized society, at least some unknown deeper underlying cause.

These advantages and disadvantages should not be considered in isolation. They must be compared to the advantages and disadvantages any other social decision making system has (following a comparative institutional analysis). This paper argues that the advantages of random selection are particularly strong for the selection of representative citizens to overview international organizations. While the disadvantages certainly cannot be dismissed, they are in the particular application here suggested of minor importance compared to the disadvantages of using other social decision-making mechanisms.
C. Proposals Using Random Selection

In the scholarly literature many suggestions have been made to use random mechanisms for social decision-making because of its attractive features. It is sufficient to refer to some examples directly relevant for the proposal here advanced.

Random dictator. Among the total electorate, one person is chosen by lot to act as a dictator for a specified period of time. This proposal seems to be rather awkward but there are some good arguments in its favor (Elster 1989: 86-91). Random election is the only system not making it in the peoples’ interest to misrepresent their preferences, in particular to appear to be more honest and less egoistic than they in fact are. In contrast, all elections provide an incentive to the contenders to project a too favorable image of themselves to the voters. Another advantage of choosing a random dictator is that no vote is wasted but has the same influence on the outcome as any other. There is therefore a higher incentive to participate in the vote. Under a deterministic voting system\textsuperscript{10}, people have no incentive to cast a vote for a candidate who is likely to either win or lose and therefore have little incentive to participate. Finally, the institution of a random dictator selects an “ordinary”, representative, member of the citizenry and prevents professional politicians with their special interests taking over. These advantages are also directly relevant for the random selection of citizens in charge of international organizations.

The institution of a random dictator also has some obvious disadvantages. The persons chosen as temporal dictators have no opportunity to learn from experience. The public bureaucracy with its long and extensive experience therefore tends to accumulate large power, in the extreme dominating the citizens selected. In contrast to selection by lot, regular elections and re-elections have the advantage of making the incumbents accountable to the voters. As was already taken into account in the classical Athenian democracy, random selection is inefficient in those areas of governance where the office holders have to exhibit special competence.

Probability Voting. Random selection can be combined with voting on issues. In the simple case of two alternatives a vote is taken and the winner is then determined by using

\textsuperscript{10} For an exact analysis of the properties of deterministic and probabilistic voting systems see Mueller (2003, chapter 11 and 12) and Kirchgässner (2000).
a random mechanism whereby alternatives are attributed probabilities according to the share of vote they received. If alternative A receives 70% of the vote (and seven red balls), and B 30% (and three blue balls), then alternative A is chosen if e.g. a random draw from an urn with the ten balls results in the selection of a red ball. If a blue ball is randomly drawn, alternative B is the winner (Frey 1969, Intriligator 1973).

Voting by Veto. In this decision-making system (Mueller 1978, see also Mueller and Blankart in press) every person puts in one alternative, and there is also the status quo alternative. In each round of voting one voter can veto one of the alternatives. The sequence in which the voters can act in this way is determined by lot. The alternative remaining, i.e. not vetoed by anyone, is the winner.

Random Selection in a Representative Democracy. From the voting populace a random sample is chosen to form a national legislature (Mueller, Tollison and Willett 1972). Selection is through stratified sampling in order to insure the representation of people with certain characteristics as well as to prevent the overrepresentation of minority preferences. There is no stratified geographic sampling as one goal of the proposal is to overcome pork barrel activities.

D. Institutional Design of Random Selection for International Organizations

Existing international organizations are often far from being democratic. They are to a large extent run by diplomats and politicians who are appointed in an often clandestine way. They are far from being democratically legitimized. Public officials brought in from national bureaucracies or have raised in the ranks of the organization itself also have a large say. The deliberations preceding decisions are (with very few exceptions) among this elite and are hidden from the public. These conditions have, among other, been strongly criticized by an insider who acted as chief economist and vice-president of the World Bank (Stiglitz 2002). Many international organizations are moreover plagued by huge inefficiencies\(^1\). One of the main purposes of the institutional design must therefore

\(^1\) This is, e.g., the case for many institutions of the United Nations such as UNESCO. The UN financial institutions (International Monetary Fund and World Bank) are less inefficient mainly because the voting rights are distributed according to the financial engagements. This provides the nations mainly financing these organizations an incentive to prevent large scale inefficiency (Frey 1984, Frey and Gygi 1990).
be to make the international organizations more democratic and to subject them to outside control by persons not being part of the elite running these institutions.

A random selection of representatives from the citizenry of the member countries has to consider the following institutional aspects:

*Basis of Representation.* A selection corresponding most closely to the standard understanding of democracy assigns equal weight to each citizen of the member states. In that case the influence is the larger, the larger a country’s population is. But it would alternatively also be possible to assign the number of selected voters according to financial contributions (as in the case of the World Bank and the International Monetary Fund), or to select an equal number in each country (similar to the one country one vote rule in the UN General Assembly). Which assignment is chosen depends on a great number of factors. If, for instance, small member countries want to be protected from potential exploitation, the same number of citizens can be selected from each country to decide about referendums.12

A selected citizen may be associated to one particular or to various international organizations. The more similar the activities of international organizations are, the more sense it makes to select representative serving for various organizations.

*Conditions.* Most importantly, the term limit must be decided. The shorter the term, the larger the number of preferences represented via random selection. But this has the disadvantage that the representatives are less capable of getting informed about the activities of the particular international organization. The more important is experience and factual knowledge, the longer should be the term.

The identity of the representatives can be made public or can be kept secret. Publicness enables other citizens to make their concerns felt to their representatives but also opens pressure groups the possibility to influence them putting non-organized at a disadvantage (Olson 1965). In many cases the pressure imposed by the national governments is even more relevant. However, as the national administrations apply the random selection mechanism and have to inform the citizens selected, the identity of the representatives

12 For the same purpose, it would also be possible to demand double majority, i.e., a majority of votes, as well as a majority of countries which approve the proposal.
cannot be hidden to the national governments. In view of this, much speaks for making
the identity of the representatives known. Rules may be introduced limiting the undue
influence of pressure groups. In particular, both the active and passive corruption must be
punished.

Areas of Decision-making. The representatives chosen by lot can exercise their voting
rights in three different ways:

(1) They can start and sign *initiatives* forcing the managers of the international
organization concerned to hold a referendum among all the representatives. A low
quorum will produce many such referendums; a high quorum makes them rare.

(2) They can vote in an *optional referendum* induced by an initiative or in an
*obligatory referendum* applicable to major issues such as changes in the ground
rules (the constitution) of the international organization.

(3) They can *recall* the management of the international organization, be they
politicians or public officials. Again a quorum must be fixed. The lower the quorum
the larger the uncertainty among the managers inducing them to take a short run
view. The higher the quorum, the stronger is the position of the managers. Such
power by management is the less threatening to the interests of the citizens in the
member states, the less discretionary room the managers have. In some cases the
task of the international organizations are so closely defined that the managers are
severely restricted. In that case the quorum for recall can well be high. In other
cases the managers are to a large extent able to determine the organization’s
activities by themselves in which case a stricter restriction by the threat of recall is
desirable.

III. **Strengths and Weaknesses**

To select the representatives randomly from the population of citizens of the member
countries belonging to an international organization has several important advantages
over other ways to approach the issue.

The most important is the strengthening of *democratic control by the citizens*. The
democracy deficit now characterizing international organizations is overcome by giving
citizens direct participation rights. As it would be complicated and time consuming to
grant this right to every citizen, an exact representation selected by a random mechanism. These representatives have considerable power through the use of initiatives, referenda and recall. This enables them not only to react to what the management of the international organizations proposes but also to exert agenda setting power\textsuperscript{13}.

The democratization of international organizations gives them a measure of legitimacy which otherwise cannot be attained. The citizens of the member countries being aware that they are fairly represented in the organizations’ decision-making process are motivated to provide themselves, or at least politically support, the provision of international public goods. An example would be international agencies for the improvement of global environmental goods (such as for combating the warming up of the earth’s climate), which today are essentially technocratic units without much, or any, democratic basis. They act far remote from the citizens. In a system of randomly selected representatives to such organizations the citizens in the various member countries start to feel an incentive and obligation to participate in the joint effort. An important route is the general discussion induced among the citizens whether they are selected or not. They, on the one hand, are informed by NGOs (mostly via the mass media, in particular TV and radio). On the other hand, the citizens have an incentive to involve their representatives in discussions about the issues to be decided by the respective international organization. The public discourse from the grass root level as well as from specialists serves to strengthen the willingness to participate in the provision of international public goods\textsuperscript{14}.

Another important advantage of direct participation rights by the citizens’ representatives is their bundling of decentralized information from below about the possibilities and constraints of the international organizations activities. This information is less filtered

\textsuperscript{13} The crucial importance of agenda setting is discussed in McKelvey (1976) and Romer and Rosenthal (1978).

\textsuperscript{14} See the experimental results with public goods games demonstrating that pre-play communication and even solely identification of the persons involved strongly raises the willingness to contribute to the provision of public goods. See Bohnet and Frey (1999) and the extensive survey by Sally (1995). A cross-section econometric analysis for Swiss cantons suggests that the more extensive the citizens’ direct participation rights are, the higher is tax morale, and the lower therefore is tax evasion (Pommerehne and Weck 1996, Frey 1997a). See also Torgler (2003).
and distorted than that coming from the organizations’ bureaucracy, which tends to be biased by strategic considerations.

Recall, but also initiatives and referenda, are an effective means to control the management of the international organizations. This power can be exerted by the citizens at large but also by non-governmental organizations and spontaneously arising groups. They gain an institutionalized access to making their demands. They are to a lesser extent induced or even forced to go to the streets and to resort to violent action. Moreover, those non-state actors claiming to be people’s voice have to convince selected citizens as they gain relative more influence.

Finally, decisions on international agreements taken by the citizenry gain substantial legitimacy. It becomes costly for single governments of member countries to step back due to short-term interests although no direct enforcement of the agreements is possible. Not following these agreements cannot easily be justified by too high costs for the population if a majority of selected citizens actually approved them.

As has already been pointed out all social decision-making systems also have disadvantages. This also holds for the random selection of citizens who have extended democratic participation rights in international organizations. But as will be argued, many of these shortcomings are not as grave as they initially appear to be.

It may be argued that randomly selected representatives do not have the skills necessary to decide reasonably and effectively over an international organizations business. By definition, the representatives only have an average level of education and may therefore be thought to be ill prepared for the task. This argument goes to the roots of political decision-making. Democracy is based on the principle that the citizens on average are capable of taking the political decisions in a reasonable way. They have one great advantage over professional politicians and bureaucrats: they know their own preferences better and are therefore able to better express them politically. Moreover, there is the fundamental principal-agent problem in politics: the professional politicians should act in the interest of their principals, the citizens, but they only have limited incentives to do so. In a representative democracy, the professional politicians are responsive to the citizens’ preferences above all at election time. Empirical evidence demonstrates that in other periods the actions undertaken by the professional politicians deviate substantially from
the citizen’s wishes.\textsuperscript{15} In the extreme, the politicians “exploit” the voters by pursuing policies according to their personal or party ideologies, follow the interests of well-organized and financially well-endowed pressure groups, or decide in their own favor (see Brennan and Buchanan 1980, 1985). For instance, they accord themselves special privileges (e.g. immunity from laws) or material benefits (such as generous compensations and pensions, sumptuous expense accounts, cars and planes at their free disposition). With direct participation rights of the citizens these problems do not arise, or at least do so only to a considerably smaller extent. Econometric studies have been able to show that citizens are able to take well- reasoned political decisions. Indeed, the more extensive citizens’ direct participation rights are, the better run is the public economy. For instance, the relationship between public expenditures and revenue is better controlled so that the public debt per head is lower. It has also been shown that per capita income is higher because the public sector is better run, and even that self-rate subjective well-being is higher\textsuperscript{16}.

A related argument claims that randomly selected representatives are too little informed and therefore are at the mercy of bureaucrats. First of all, it must be said that the same applies also to professional politicians; the public officials always dispose over more information because they have been in charge for an often much larger time. It should also be seen that the randomly selected representatives tend to rise to the challenge and can collect the information necessary for reasoned decisions. Such information need not be very detailed: what matters are the fundamental issues to be decided. Detailed information is to be provided by experts on whose knowledge the representative can draw. Empirical evidence moreover shows that it would be mistaken to take the present level of information about the issues related to international organizations constant. Rather, the amount of information consumed is endogenously determined and is higher when citizens have more extensive political rights (Benz and Stutzer in press). It can thus be expected that the randomly chosen representatives are capable and willing to learn the information necessary to adequately perform in their position.

\textsuperscript{15} See, e.g., the evidence on political business cycles in Frey (1997c) and Mueller (2003, part IV).

It may also be claimed that the randomly chosen representatives have little incentive to participate in the international organization’s decision making they are assigned to. But a high participation rate should not be taken as a value in itself. What matters is that the selected citizens participate in the initiatives, referenda and recall when important issues are decided. Such behavior provides clear signals to the international organizations’ management that they are effectively controlled by the citizens and cannot do what is in their own interest. Most people will consider the selection as a representative to an international organization as an honor and will therefore have an incentive to participate.

A quite different argument questions whether the citizens perceive the random selection of the representatives to be fair and therefore tend to reject it. There is indeed considerable resistance against random decisions. In a survey among the population the use of a random decision mechanism has been considered to be less fair than alternative social decision-making mechanism such at “first-come, first-served”, an allocation by the commune or even than the use of the price system (Frey and Pommerehne 1993, see also Wortman and Rabinowitz 1979, Erez 1985). Such resistance certainly has to be taken into account but it can be overcome by demonstrating to the citizens the advantages of random selection, in particular the guarantee that every citizen is treated equally. The people can also be informed that random systems are used, and generally accepted, in many areas relating to their personal lives, as for instance, in the hugely popular national lotteries where the mechanism used is extensively shown on prime TV time.

A final argument relates to the situation in an organization’s member countries with little or no democratic traditions. While the random mechanism can probably be controlled from outside, this is unlikely to be the case for the underlying list of the electorate, and the communication of who is selected. But most importantly, the representatives in such a country will be induced, or directly forced, to follow the will of the country’s government. This is unfortunate but our proposal does not claim to be able to transform non-democratic into democratic governments. If indeed the representatives are forced to act as pawns of their governments, the situation is no worse than today where the delegates to international organizations are directly selected by the respective governments. But the random selection of representatives may even give them a measure of independence with respect to their own government, not least because they decide
together with selected citizens in democratic countries. Such joint experiences may (under the most favorable conditions) even initiate a step towards democratization.

IV. Comparison to Other Proposals

The proposal for a World Government sometimes brought forward\(^\text{17}\) has already been shown to be undesirable, inefficient and utopian. It need not be further discussed here.

A less extreme idea is to enlarge and improve the existing United Nations\(^\text{18}\). As it presently exists, this dominant international organization has certainly been a force for the good. It has been able to supply important international public goods, which without its existence probably would not have come about. But the United Nations is also confronted with major problems. Most importantly, it is not democratic in the sense that there is no direct relationship to the citizens of the countries in whose interest the UN claims to work for. Many parts of the UN system are characterized by large-scale inefficiencies with international bureaucracies acting mainly in their own interest, and sometimes in favor of their own material benefit. The main political decision-making body of the UN, the Security Council, is dominated by its five permanent members, and especially by the interests of the United States of America. It can hardly be said to act in the interest of mankind in any meaningful sense. What is completely missing is the voice of the citizens as compared to the large number of professional politicians, diplomats, experts and public officials engaged. Our proposal of introducing direct participation of the citizens via random selection may be applied to the United Nations system with its many organizations. It can be considered as a contribution to improving the working of this system but it is not confined to it.

Another proposal for the improvement of international relations seeks to integrate the non-state actors into the decision-making process, most importantly the International Non Governmental Organizations (INGOs), the transnational corporations or Business NGOs (BINGOs). Their number is estimated to be no less than 25,000 today, while in the 50s it was 1,000 (Keohane and Nye 2000, Arts 2003). This system is based on bargaining among these organized groups. It has the following problems:

\(^{17}\) E.g., Höffe (1999).

\(^{18}\) E.g., .
- Many important interests are not organized in any effective way and are not part of this bargaining system. They are also to loose compared to the well-organized international NGOs.

- The INGOs are not democratically legitimized; there is no established relationship to citizens.

- The outcomes of bargaining are uncertain and tend to be in favor of the moneyed interests. While the ‘logrolling’ taking place tends to lead to Pareto-superior outcomes for those in the winning coalition, those groups not part of it tend to lose.

- Many INGOs are inefficient and wasteful. It has therefore been suggested that there is a great need of subjecting them to auditing (The Economist Sept. 20th, 2003).

Yet another proposal for improving global governance is to give more importance to experts. They can be organized in groups in order to increase their media attention. This is the road pursued by, for instance, the Club of Rome, the World Economic Forum, or the Copenhagen Consensus. With the expansion of the Internet, increasingly there are informal international networks. Such initiatives are well suited to make the views of specialists and/or strongly engaged persons heard, but they are not democratically legitimized. They thus do not meet a crucial element of our own proposal.

Another new way of organizing global governance is the idea of Functional, Overlapping, Competing Jurisdictions (FOCJ).\(^{19}\) It supports the emergence of new governmental units according to the needs arising. The geographical size of FOCJ are established according to the functional needs and therefore differ greatly between areas. Some FOCJ will be very large and cover perhaps even the whole world (in the case, for instance of global warming, or the regulation of outer space) but may also be very small (for instance in the case of local public goods such as sanitation). FOCJ are not part of the nation-state; rather they tend to overlap them. When they exist and grow in importance, the traditional

\(^{19}\) See more fully, Frey and Eichenberger (1999) and Eichenberger and Frey (2002), and the critical discussion by Vanberg (2000) and Blatter and Ingram (2000). FOCJ seem to be able to solve the trilemma discussed by Rodrik (2000) as they are able to align governmental jurisdictions with markets (but it should be noted that Rodrik envisages a World Government).
nation-states will be reduced to those functions they are more efficiently providing than a newly emerging functional unit. FOCJ are conceived to be democratic. They can well take recourse to random selection to ensure that the citizens can effectively bring fourth their demands and control the management. FOCJ are thus consistent with the ideas here proposed.

V. Concluding Remarks

World governance today is characterized by international organizations short of democratic legitimacy. Professional politicians, diplomats, experts and public officials determine their behavior without much, or any, control by the citizens they claim to represent. As a consequence, international organizations have become the object of large scale and violent protests. At the same time international organizations are criticized as being inefficient and wasteful.

This paper proposes an approach to world governance based on the democratic idea of citizen participation: From the citizenry of the member countries of an international organization, a random selection of people is chosen to have the actual right to participate in international organization decision-making via initiatives, referendums and recalls. While this proposal fundamentally changes world governance compared to today, it is restricted to improving the working of international organizations. Improvements for four major aspects are aimed at: First, selected citizens access to initiatives, referendums, and recalls gives them effective means to control executive politicians and public officials in international organizations and thus to reduce inefficiencies. Second, the introduction of direct democratic mechanisms for decision-making gives NGOs a constitutional instrument to pursue their goals. However, it also forces them to use procedures provided in the law and thus weakens them relative to latent groups (like taxpayers), which are empowered. Third, international organizations are connected to the people in whose interest they are expected to act. This gives back citizens some of their autonomy and self-determination they enjoy in democracy. Fourth, decisions in international organizations that are approved by randomly selected citizens gain legitimacy and are more likely to become accepted (even when they are against the short term interests of national governments). This is important due to the almost complete lack of direct enforcement mechanisms in the international realm.
The proposal is certainly preliminary and many aspects have to be further considered. But one thing can certainly be predicted: The decision-makers in international organizations will reject it. While the basic thrust of an increased democratic element is difficult to deny, the proposal will be called naïve and impossible to realize. But such a reaction corresponds exactly to the interests of these decision-makers. They know full well that introducing randomly selected representatives of the citizenry reduces their discretionary power and importance. It is therefore in their interest to find as many arguments against the proposal as possible. Quite another strategy is to simply ignore the proposal. In any case the entrenched persons and groups will not support it. But this does not necessarily mean that it will never be put into practice, at least for particular international organizations.
Literature


Höffe, Otfried (1999). *Demokratie im Zeitalter der Globalisierung.* München:


