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# Regulating globalization: Critical approaches to global governance

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Edited by Pierre de Senarclens and Ali Kazancigil

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# 1

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## Introduction

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*Ali Kazancigil and Pierre de Senarclens*

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This book is about the governance of globalization. It is at once analytical, critical and normative. It has retrospective and prospective dimensions. The first is needed, for the present cannot be understood or the future usefully imagined without taking into account a number of relevant past developments. In the context of this book, the prospective dimension, which is partly normative, consists of an attempt to outline the future shape of global governance and, in this respect, to formulate recommendations for action and policy without however indulging in post-modern or post-structural speculations, which can often confuse discourse with reality and be detached from empirical evidence. This approach takes into account historical experiences and political theory, as well as perennial elements such as the state, sovereignty, legitimate authority, political community, citizenship, and the unequal distribution of political, economic, social and cultural resources. Otherwise, it would not be possible to reach a critical understanding of globalization and its governance as they are, or to produce knowledge that is relevant to formulate action aimed towards the introduction of new patterns and directions. To be sure, much of the architecture of renewed global governance remains to be “invented”, and, to be meaningful and meet a large degree of consent, such innovations should necessarily be rooted in and grow out of political processes and agency at national and international levels.

This volume, like most multi-author volumes, offers the advantage of a variety of viewpoints, but at the cost of a weaker coherence than that found in single-author books. However, the team of authors share a

number of hypotheses and a convergent understanding of concepts, and what unites them can be summarized as follows: global governance involves an ensemble of actors – such as sovereign states, intergovernmental organizations, transnational corporations (TNCs), non-governmental organizations (NGOs) and social movements – who, in various degrees, participate in policy- and decision-making procedures and international regimes aimed towards the regulation of economic, financial, commercial and technological globalization. At the core of the latter lies a largely de-regulated capitalism, mainly dominated by financial flows and markets – the so-called shareholder capitalism. Globalized processes are fostered and de-territorialized by powerful information and communication technologies, as well by means of transportation, which facilitate mobility and shrink distances. Globalization is also effectively supported by neo-liberalism, which, since the collapse of communism, is the only surviving hegemonic ideology in today's world. It is urgent to start making progress towards a different globalization and its governance. They should both be rendered legitimate by obtaining the consent of the majority of the world's populations. Sovereignty, which is the principle around which the political community, citizenship, democratic regimes and civil societies have been built, cannot be ignored. Much as a well-regulated capitalist market is the better tool for creating economic growth, the democratic state is the better mechanism to provide security, social and political integration and redistributive justice, as well as maintain a balance between the diverging interests of social classes and enhance public interest over corporate interests. Thus, statehood is a *conditio sine qua non* for a legitimate global governance.

The purpose here is not to idealize the sovereign state. The concept of sovereignty has evolved in the course of history, from the Age of Absolutism to the contemporary welfare state. The latter's democratic regulatory functions, which aim at satisfying the individual and collective needs of citizens, require in certain respects international cooperation mechanisms and the devolution of the state's prerogatives to international or transnational bodies, some of which have supra-national powers and capacities. Thus, both in traditional multilateralism and in global governance, the sovereign state is still the major actor.

Statehood, which is a central concept of this book, is not to be equated with the sovereign state. It involves the latter, but rather refers to the politics of public good and public interest, the state being the structure or the tool providing the space and conditions for sustaining these principles and, more generally, the democratic regimes.

In order to build a legitimate global governance, such elements of statehood – that is, democratic politics, the public good and public in-

terest, and some forms of citizens' participation, which so far mainly remain within the frontiers of the states – need to be projected onto a transnational public space. It is within such a space that states would have to share their sovereign prerogatives with other states, as well as with a number of non-state actors, if progress is to be made towards democratized and accountable global governance. So far, states have, to a limited extent, entered into such shared arrangements in economic and financial fields, collective security, environment, international humanitarian and criminal law within the framework of the post-World War II multilateralism. Here, one encounters a foundational contradiction which makes it so difficult to advance towards a more rational and equitable world order: not only are sovereign states reluctant to transfer onto the transnational space certain elements of democracy and statehood needed to enhance global governance, but they are unable to agree on even the minimum amount of reform necessary to make the existing multilateral architecture a more effective one. The most recent evidence in this respect is the striking failure of the United Nations (UN) summit held in September 2005, the purpose of which was to render the composition of the Security Council more relevant by enlarging its membership. Some of the chapters in this volume explore ways of overcoming such contradictions, which prevent traditional multilateralism from adjusting to evolution in the configuration of the world order.

The chapters of this book do not adopt a systematic anti-globalization stance. They do not deny that a properly regulated globalization may bring economic and social progress for all, provided that it gives as great a policy priority to equitable redistribution mechanisms as to economic performance and profit making. They observe that the current neoliberal globalization, which does not meet the consent of the majority world, lacks legitimacy and thus sustainability. It creates discontent, to use the expression of Joseph Stiglitz, because it benefits only a minority of the world's countries and people. Its actors favour private interests and a technocratic, rather than a more democratic, participatory and accountable global governance. Economic and financial actors, particularly the TNCs, play a dominant role in it without having a legitimacy do so, while political actors – sovereign states and elected governments – which possess the legitimacy to govern globalization, often acquiesce to acting as logistic bases for these powerful economic forces, putting societies and social cohesion at risk. The ideological paradigm of globalization is effective in persuading public opinion and the media that the “market society” – involving unlimited competition between corporations and countries, concentration of wealth, consumerism and privatization of public services – is the best path to progress and increased well-being.

This remains to be seen. In the meantime, we get greater inequalities, declining democratic regimes and a declining sense of solidarity within and between societies, as well as continuous environmental degradation.

Globalization has turned upside down the principles of multilateral cooperation and the institutional architecture to govern the international system, which were established in the wake of the Second World War. The mechanisms and organizations have nowadays become quite inadequate to deal with the economic and social challenges, foster development and human security, reduce inequalities and poverty, as well as coping with the resulting injustices and violence. Yet, the universal political and legal principles, as expressed in the UN Charter, the major conventions and resolutions dedicated to justice, human rights or economic and social progress, still provide a legitimate normative framework for global governance. They have been neglected by the powerful actors of neo-liberal globalization. Their reactivation is necessary if globalization and its governance are to serve the common good and operate to the benefit of humankind as a whole.

A fundamental tenet of this book is that this sort of legitimate global governance can only be brought about if it is based on statehood and the principles of democratic and participatory politics. This means that an institutional configuration is required in which public interest prevails over corporate interest, with the sovereign state recovering its role as the unrivalled mechanism for political and social integration, and with an effective trade-off between economic growth and social cohesion, as well as between the instrumental role of the market and the emancipating role of democracy.

Turning now to the contents of the book, Chapter 2, by Pierre de Senarclens, presents a historical account and critical assessment of the international institutional architecture – that is, the UN organizations and the system of multilateral co-operation, established in the immediate aftermath of the Second World War. He explains in some detail the reasons why this architecture has become an ineffective instrument, and outlines the conditions for reforming multilateralism. He then makes proposals for actions and policies in this respect, especially concerning the new shape and responsibilities to be entrusted to the UN, and, in particular, its highest decision-making body, the Security Council, by extending its membership and fields of intervention beyond collective security and peace-keeping to human security in economic, social and environmental areas, and to improving its rules and operative methods.

Ali Kazancigil devotes the following chapter to discussing the role of statehood in global governance, which he considers to be a crucial element in giving priority to the political and public dimensions at the expense of the currently predominant bias towards private interests and

technocracy. He discusses the conditions for projecting, beyond national boundaries, certain elements of democracy and participation to politicize global governance. He considers that there are two ways of advancing towards better global governance: the first is the reformist approach, aimed at improving multilateralism and ending up with an enhanced version of the system of inter-state cooperation established after 1945. This, indeed, would already be a significant achievement, paving the way for further progress. However, historical experience, including the UN summit of September 2005, shows that a process that involves sovereign states exclusively cannot go very far in renewing global governance. The second approach is a more ambitious, transformative one. Sovereign states, assisted by the intergovernmental organizations, which are their instruments, will still be at the centre of it. This is unavoidable as states remain the major, although no longer the only, international actors. However, in addition to states and the powerful TNCs, other actors that participate in the transnational public space, such as NGOs and social and citizen movements, are also players in the process through appropriate, interrelated national, regional and transnational mechanisms. Thus, Ali Kazancigil formulates proposals for action and policy towards establishing such a transformative process in order to achieve an alternative governance of globalization.

In Chapter 4, Virgile Perret provides a critical analysis of the growing role of the private sector in the current global financial regulation. In his view, this is leading to an erosion of democratic principles at the national and transnational levels, as well as affecting the patterns of public-private interaction in most developing countries. The economic and financial order established after 1945 was based on the principle of public control. With the rise of globalization, this control was increasingly transferred to private or quasi-private authorities, including the privatization of global financial governance. He contends that there is also a political rationality underlying these developments, which reflect the struggle for comparative advantage between the states, as analysed by the regulatory theory of economics developed by French economists such as Michel Aglietta. Virgile Perret concludes his chapter by formulating proposals of reform in the international financial architecture.

In Chapter 5, Ngaire Woods, too, is concerned with the implications of private forms of global economic regulation and governance, particularly from the perspective of accountability. She analyses the growing role of corporations through arrangements such as the Global Compact, different sorts of NGOs and expert groups and networks that reinforce the technocratic nature of the current global governance. She then identifies the conditions for enhancing accountability and transparency in global governance and formulates proposal for action in this direction. She

considers that states and intergovernmental organizations are important actors for inputting the much-needed public good element. She also notes the spaces that intergovernmental organizations (IGOs) such as the International Monetary Fund (IMF) and the World Bank have been trying to create in order to involve, admittedly to a limited degree, local and international NGOs in their operations.

Miguel Lengyel's argumentation in Chapter 6 relates in many ways to the two previous chapters as he discusses the public-private dynamics in the specific context of global trade regimes – the Uruguay Round and the current Doha Round – and their implications for development strategies. He links them to WTO's trade-related rule-making and discusses the gains and losses of the developing countries. His proposals for crafting new institutional arrangements towards more efficient global trade governance encompass the national and transnational levels through the regional level, which he considers to be very important. In this respect, his chapter relates to those of Louise Fawcett and Yves Berthelot.

The increasingly important roles of regionalism as a policy goal and regionalization as a trend in globalization and global governance is a fact. The next two chapters deal with this phenomenon, in complementary ways.

In Chapter 7, Louise Fawcett argues that the development of regional structures in different parts of the world, with the European model being the more advanced one, is a central element in the management of globalized world order. She takes a long, historical view of regionalism, exploring the issues of regional governance and its articulation with global governance in different experiments of regionalism, including obstacles they meet, such as sovereignty and hegemonic states. She then discusses the conditions for overcoming them.

Yves Berthelot, in Chapter 8, stresses the complementarities between the dynamics of regionalization and globalization. He analyses the dynamics of regionalization, and compares its strong and weak points with those of globalization. He makes a case for regional approaches within globalization in areas such as industrial development and global finance, and makes proposals for regional and global institutions, their interactions and articulation. In this respect, he assesses the experience of the UN Regional Commissions.

In Chapter 9, Yohan Ariffin critically addresses one of the most sensitive problematics of global governance, which is the ambiguities and contradictions of the international regimes concerning the interrelations between environmental and developmental policies. He argues that such regulatory frameworks, which he analyses in a detailed and precise manner, are not particularly favourable to the least developed countries. The main reason for his scepticism is that the forces that shape the patterns

of global environmental governance are overwhelmingly associated with corporate interests in the northern hemisphere. He concludes the chapter by outlining ways of resisting such dominant trends and makes some radical suggestions, such as abolishing the Global Environmental Facility (GEF).

Jean-Marc Coicaud deals with a central concern in Chapter 10 that is common to all the chapters of this volume – namely, can globalization and its governance be made legitimate and, if so, how? He argues that legitimacy requires coherence between the norms and agency in global governance. He considers that human rights, both as benchmarks for good global governance and as the normative framework for global policy-making, are the crucial elements in closing the gap between principle and practice and, thus, in legitimizing globalization and its governance.

In the concluding chapter, Pierre de Senarclens and Ali Kazancigil provide a summary of the problems analysed and the proposals formulated for action and policy-making towards better global governance in the chapters of this volume.

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