

EU CHALLENGES IN THE PROCESS OF GLOBALISATION

Module 3 (II): Globalisation

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GLOBALISATION :

concept, processes and trends in a EU
economic and political context:

Module 3 (II)

Part Two: Global trends and Governance

- § 1. Global Politics
- § 2. Global Economy
- § 3. Global Culture
- § 4. Global Threats
- § 5. Governance of globalisation

1. Global Politics

A) Numbers

- ? Nation State: increase in the number of sovereign states
- ? Proliferation of transnational actors, both IGO's and NGO's

B) Areas

- ? Global Governance & international rules making: complications & multi-level governance

C) Challenges

- ? "Powerless" state
- ? Emergence of international civil society
- ? Business sector

2. Global Economy

- ? Most indicators confirm the perception that today's markets being far more globally integrated than before: growing global economic integration
- ? Nature and impacts of economic globalisation

Key features:

- § liberalisation of international trade
- § Cost of moving information, people, goods a capital has fallen dramatically
- § No massive cross-border movements of people

Impacts

1) Key features

GROWING GLOBAL ECONOMIC INTEGRATION

- ? **Trade liberalisation**: trade > output; non uniform trade expansion
- ? **FDI**: rapid absolute and in % growth; changed nature of I (ICT)
- ? **Financial flows**: financial globalisation: uncertainty (financial crises) speculation, social costs and no supervision
 - § explosion due to financial liberalisation, deregulation, ICT and global delocalisation of services; TNCs (2/3 of world trade)
 - § Dramatic increase in foreign assets and liabilities of banks
 - § Foreign exchange turnover
 - § Rapid integration of financial markets
- ? **Technology**:
 - § knowledge as production factor
 - § Need for I in education, training and diffusion
 - § North-South imbalances
- Interconnectedness/Interlinks**: an new systemic whole: influence of global market forces through changes in trade, FDI, financial flows and technological diffusion
 - § Policies: pro-market economic doctrines & free market globalisation
 - § Trading system: from GATT tot WTO
 - § Global production: mainly in high-tech industries, labour intensive consumer goods and service sector = global "just-in-time" production system

2) Impact of economic globalisation

Major challenges:

- § increase growth rate
- § reduce world poverty

- ? Growth: slower global growth, uneven distribution, increasing income gap, China & India
- ? Uneven benefits: exclusion of LDCs (Sub-Saharan Africa)
- ? Trade & FDI: contrasting impacts; presence of local firms
- ? Finance: minimal impact of capital account liberalisation
- ? Employment: world unemployment increase
- ? Poverty: difficult to judge
- ? People: economic benefits and social costs not evenly distributed
- ? Women: disproportionate negative impact
- ? Wider effects:
 - § Increased global awareness
 - § Growth of illicit cross-border activities

3) Measures of Economic Globalisation

- ? Gross Domestic product (GDP): All goods and services on record as being produced by a country's economy in a year
- ? Gross National Income (GNI): Same as above BUT with income earned abroad
- ? GDP & GNI / per person: average wealth per inhabitant
- ? World Bank: high income, middle income and low income countries
- ? Purchasing Power Parities (PPP): to eliminate the difference in prices between countries
- ? Human Development Index

4) Theories of global inequality

Theories of development

? Market-oriented theories:

- § Modernization theory: cultural and institutional barriers to development explain the poverty of low-income countries
- § Neo-liberalism

? Dependency & world system theories:

- § Global poverty is the result of exploitation of poor countries by wealthy ones.

? State-centered theories:

- § Emphasis on role of government to foster economic development

3. Global Culture

Anxiety across the world about:

- § the consequences of globalisation
- § the risks for cultural diversity: loss of identity
- ? Telecommunication & information technology: increased flow of images, news and ideas in real time
 - § Number of Internet users grew from 40 to 600 million in the last 5 years
- ? Cheaper transport and communications costs through better infrastructures and technologies
- ? Asymmetrical technological development: "digital divide"
 - § 10 countries account for 84 % of global research expenditure
 - § Residents in industrial countries control 80% of all patents in DC
 - § Risks amplified by Internet:
 - ? 80 % of websites in English, only spoken by < 10% of world population
 - ? 20% living in the richest countries represent 90 % of Internet users; while the poorest 20 % only represent 0,2 % of world users

Impact: risk for cultural diversity

- § Cultural markets
- § Cultural identity

4. Global Threats

1. Economic and Social Inequality: see Human Development Report (80-20 split):
 - ? richest 20% controlling 80 % of income, wealth and economic activity
 - ? Richest 20 % has 85 % of world GDP, 82 % of world trade, 68 % of global FDI, whereas the poorest 20% gets 1 % of economic indicators
2. Environmental degradation and global warming: top policy priority
 - Globalisation as an amplifier: from delocalisation of polluting industries to resource-intensive consuming habits
 - § from the Club of Rome to Rio and Kyoto and Bali
 - § Global options for tackling climate change: trading vs taxing, pricing CO2, carbon tax, etc.
 - § Copenhagen: COP 15 ???
 - § UN Conference on Sustainable Development in June 2012 , known as Rio+20: it will celebrate the 20th anniversary of the U.N. Conference on Environment and Development by mapping out new strategies that will point toward a green and prosperous future.
 - Issue of privatisation of the common natural and human heritage: global public goods (Inge Kaul/UNDP)
3. Organised crime and terrorism: “war against terror”: Human security, human rights
 - Globalisation as a facilitator of organised crime activities (from drugs to arms and illegal immigration)
 - Money laundering facilitated by liberalised capital movements and tax heavens

5. GOVERNANCE of GLOBALISATION: managing globalisation

1. Concept
2. Governance in perspective
3. Global governance: context & content
4. Multi-level governance

1. Concept: Governance

- ? **Definition:** “The process whereby elements/actors in society (institutions & civil society) wield power and authority, influence and enact policies and decisions concerning public life, economic, social and cultural development”
- ? **Focus:** the construction of effective, accountable and legitimate governing arrangements within diverse institutional settings of the public, private and voluntary sectors
- ? **Background:** political concept in the fields of political science and public administration since the 1960s:
 - § Legitimacy and effectiveness of a political system in terms of democracy and inclusiveness
 - § Normative approach to assess the capacity and ability of different levels of government

2. Governance in perspective

1. National capabilities and policies:

§ Principles: democracy, social equity and respect for human rights & rule of law

? Basis/foundation and requirement of good governance:

§ rule of law and effective administration of justice

§ Institutions

§ The (new and different) role of the State !!!

? Guarantee integration into the global economy meeting economic and social objectives

? Strengthening its role in providing social protection

§ Capabilities depending on levels of income: policies depending on existing capabilities

§ Work and employment: social dialogue, workers' rights, investment in education

2. Local governance:

§ Local base: principle of subsidiarity and decentralisation: community-based

§ Local Values and cultures: trust, social capital, local economic space, various forms of economic organisation (cooperatives), local social entrepreneurs: micro-credit: Grameen bank (Mohammed Yunus)

3. Regional integration: can promote more equitable globalisation

§ Experience: joining forces > empowerment, negotiating power, building capabilities

§ Can strengthen social dimension, democratic accountability and social dialogue

§ Include interacting and globalising regions ("open regionalism")

3. Global Governance: Context

a. Contradictory results:

- § local values and global infrastructure
- § Globalisation not just 'out there' but 'in here' (internal and external dimension)
- § Uneven results and unequal distribution of benefits
- § Increased globalisation accompanied by increasing individualism

b. The need for global governance

- § Problems and challenges that require global governance: weakness of the State; democratic deficit; role of CSOs, lack of transparency and accountability in international organisations; lack of coherence in global decision-making
- § Globalisation is producing challenges that cross national borders and stress the reach of existing political structures (cfr. Daniel Bell: Nation State is too small for major (national) problems of life and yet too large to handle the small (local) problems of life)

c. Theoretical framework: global public goods: providing global public goods through international cooperation and managing globalisation on global level (Inge Kaul/UNDP)

d. Levels and dimensions for global governance: United Nations, European Union and Global civic actions

3. Global governance: Content

Definition: the system of rules and institutions established by the international community and private actors to manage political, economic and social affairs

- a. Fair and balanced multilateral rules: obligations function of level of development, more policy space (flexibility): trade, barriers, financial systems, core labour standards (ILO), multilateral framework for cross-border movement of people (migration): Dialogues and Civilisations' framework;
- b. "Better" International Policies:
 - ? International assistance: More effective "untied" ODA (0,7 %); From bilateral to multilateral aid
 - ? Debt relief: International tax cooperation ("Tobin" tax on speculative capital flows), Need for global institutional framework
 - ? Achieving key goals by 2015: Millennium Development Goals: a global commitment to international action (2000)
 - ? Economic and policy coherence: goal of decent work (ILO: Global Employment Agenda)
- c. Principles of accountability, legitimacy and quality (i.e. democratic representation and decision-making, accountability to all stakeholders and coherence in economic and social policy):
 - core: UN multilateral system
 - greater representativeness (voting strength, Economic and Social Security Council), participation, transparency, efficacy and subsidiarity (see UN Global Compact: call on companies to observe 9 core principles, etc.)

4. (Multi-level)Governance: Definition

The process whereby elements/actors/layers in society at various international, European, national, regional and local levels (institutions & civil society) wield power and authority, influence and enact policies and decisions concerning public life, economic, social and cultural development.

Conceptual setting

Point of departure: Good governance

Concept multi-level governance:

- ? Linked to study European integration (2 phases):
 - ? EU/EC seen as an international organisation
 - ? EU as a unique sui generis international organisation

? Political Science literature:

§ Decentralisation

§ Scientific development : 2 distinct approaches/types (cfr Hooghe & Marks)

§ General policy characteristics:

- ? frequent and complex interactions between governmental actors
- ? increasingly important dimension of non-state actors

Approach: interaction with each other in two ways:

1. Vertical dimension: across different levels of government
2. Horizontal dimension: with other relevant actors within the same level

In particular, multi-level governance crosses the traditionally separate domains of domestic and international politics

Conditions for a proper multi-level governance structure

- 1) In the fields of economic governance rule setting is required for managing and controlling market economies.
- 2) In the field of political governance the debate concerns some major policy themes:
 - Institutional efforts
 - The role of the State: to be revisited based on the rule of law, democratic institutions and the working with social actors.
 - The nation state is one actor in the international political system
- 3) In the people and citizens oriented social/cultural governance: guaranteeing internal and external solidarity as well as ensuring a better proximity of the citizens to the institutional fabric.
 - § a fairer framework for the movement of people
 - § the respect for cultural diversity and creativity
 - § management of culture

Subsidiarity is a moral value: refers directly to the human person's basic needs and inherent rights

 - Universal Declaration of Human Rights
 - Encyclical "Caritas in veritate"

European Multi-level Governance

- ? European Governance: 2001 White Paper: good governance based on core principles and focussed on 4 main action themes
 - ? CoR Ateliers
 - ? Multi-level Governance: 2009 White Paper by Committee of the Regions:
 - § These layers interact with each other in two ways:
 1. First across different levels of government (the territorial pole of subsidiarity, vertical subsidiarity)
 2. second, with other relevant actors within the same level (the functional pole of subsidiarity, horizontal subsidiarity)
- EU is a system of MLG in a continuous evolution and a response for active adaptivity (ex: EGTC. A good practice of transnational cooperation)

Conclusion: further thoughts on globalisation

- ? Contradictions: local values and global infrastructure
- ? Globalisation not just 'out there' but 'in here'
- ? Increased globalisation accompanied by increasing individualism
- ? Problems and challenges that now require global governance
- ? Management of global public goods: global and creative commons to deal with the transformation of societies and identify/explore the visions of the future in a global economic, political and cultural landscape

END

“Human progress is neither automatic nor inevitable. We are faced now with the fact that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history there is such a thing as being too late... We may cry out desperately for time to pause in her passage, but time is deaf to every plea and rushes on. Over the bleached bones and jumbled residues of numerous civilizations are written the pathetic words: Too late.”

(Martin Luther King Jr. ‘Where do we go from here: chaos or community’)