

No Exit:

A voice for Globelics?

Reflections on research on global governance

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Introduction

Beyond the borders of the Globelics village

This paper addresses the issue of global governance. At first sight this is a topic which appears to fall beyond the “village borders” of the Globelics initiative. The analytical focus for the Globelics network proposed last year (Lundvall and Soete, 2002) was upon national *innovation and competence building systems*, paying in particular attention to international comparative analyses with respect to the “south”. The geographical emphasis on low(er) income countries appeared justified by the impression of an increasing tendency towards *research diversion* in this area in favor of international, high income countries’, comparative analyses, providing policy advice and support to various countries’ attempts at becoming the most competitive or knowledge intensive regions in the world. At the same time, the definition of innovation system was kept broad: “rooted in the production and human resource development system” to quote Lundvall (2002) rather than just limited to the R&D system. There were several reasons which justified such an approach. Thus as Lundvall noted: “Several OECD-countries that are characterised by a low-tech specialisation in production and exports are among the countries in the world with the highest GNP per capita. To focus on the rather small part of the economy engaged in formal R&D-activities would give very limited insights regarding the growth potential for these countries and the same would be true for low income countries. A second reason has to do with the fact that empirical studies only partially support the original hypothesis in Lundvall (1985) about innovations systems as primarily constituted by inter-firm, user-producer relationships. It is an obvious alternative to broaden the perspective on regional and national systems and to see them as constituted also by a common knowledge base embedded in local institutions and embodied in people living and working in the region. The final and perhaps the most important reason for taking the broader view has to do with the developments toward a ‘learning economy’. This hypothesis points to the need to give stronger emphasis to the analysis of the development of human and organisational capabilities. In the national education systems people learn specific ways to learn. In labour markets they experience nation specific incentive systems and norms will have an impact on how and what they learn.” (Lundvall, 2002).

But such insights will of course also have to fit the rather radically changing external, international environment. As we already indicated last year, we side on this issue with Ulrich Beck: “a fundamental change is occurring in the nature of the social and political – an erosion of anthropological certitudes which compels the social sciences to modify their theoretical tools... the crucial question is how, beyond the mere assertion of an epochal break, sociology can strengthen its theoretical, methodological and organizational foundations by making them more concrete or focused and in this was ultimately renew its claim to another enlightenment. The keyword in this international controversy is *globalisation*. The consequences of this for society (and sociology) have been spelt out most clearly in the English-speaking countries... where it has been forcefully argued that conventional social and political science remains caught up in a national-territorial concept of society. Critics of ‘methodological nationalism’ have

attacked its explicit or implicit premise that the national state is the ‘container’ of social processes and that the national framework is still the one best suited to measure and analyse major social, economic and political changes. The social sciences are thus found guilty of ‘embedded statism’ and thought is given to a reorganization of the interdisciplinary field...”(Beck, 2002)

The focus on “national” systems of innovations is from this perspective invaluable in bringing to the forefront the importance of such “state” institutions in inducing or hindering processes of national competence building in a variety of different countries. The attempts at comparative learning through such detailed studies have actually formed the basis for the hype of innovation policy benchmarking exercises carried out within the EU and across the EU, the US and Japan. Following Beck though, there is in our view, here too a need to broaden this framework in line with the rapid rise in globalisation pressures and the existing lack of global governance. It is to the latter issue that this paper hopes to make a small contribution. After all, our network is named *Globelics*.

The “global” in Globelics

Although most observers agree on the presence of a process of globalization, the exact nature of this process is heavily contested. There is a truly intense debate on the causes, the extent, the shape, the dynamics and the consequences of globalization; expressed in a large amount of studies, articles, books, reports and conferences. The debate covers the broad area of the economic, political, social and cultural domains, and involves participants from many different backgrounds. The broadness of the debate indicates that the process of globalization does represent a social change at a quite fundamental level, impacting a wide range of spheres in society; the intensity of the debate indicates that this change is complex and far from smooth.

Whenever we speak of ‘change’ in the context of globalization, it helps to specify in which of the two major meanings one employs the concept. On one extreme, social change is conceived as a set of blind and impersonal forces: structural trends to which human agents are exposed as passive *objects*, to whom change ‘happens’. Change of this sort might consist of trends in climate such as global warming or the emergence of some new technologies, which have often not been consciously initiated and which to the individual or individual firm seem impossible to be controlled let alone be stopped. On the other extreme, change is seen as a process that results from deliberate and intentional efforts of human agents, in order to cope, individually or collectively, with needs and problems that they encounter in social, economic and political life. In this latter version of change human agents are active *subjects*, they are ‘making’ history.

A synthesis of these two modes of understanding and experiencing change can be found in the work of authors like Hegel and Marx. The forces of change human agents find themselves confronted with, are in fact largely the result of their own actions, even if they are no longer recognizable as such. They are the unintended results and unanticipated side-effects of aggregate human behavior; the sum of countless conscious, deliberate human decisions and actions. Many of these human actions in fact are *reactions*;

reactions to phenomena like globalization, that though man-made, appear no longer man-controlled. There is hence, not surprisingly, also a view – most clearly made explicit in some of the new Marxist contributions – to view globalization as an external, beyond human control movement. Somewhat like the Monster of Frankenstein, the man-made phenomenon of globalization escapes human control and becomes an autonomous force in society¹.

In more than one way, there is *no exit* from globalization. Autarchy as an economic sustainable system has today more or less disappeared from the earth. No country could afford these days exit from the international trading system. Autarchy and the closing of frontiers is today rather imposed on countries as a sanction (North Korea, Iraq) with devastating effects on the country's economy and in particular it's citizens' welfare, public health, schooling and other basic necessities. There is also no exit for those asylum seekers whose application for refugee status is rejected and which are finally being sent home fearing the worse for their security. The claim that there is no exit from globalization holds also for global governance. There is, as long as we haven't discovered any signs of outer space life, no other "external" environment, with whom to quarrel, negotiate, build alliances or achieve win-win situations.

Global governance differs in other words from traditional forms of governance where one is to some extent always dealing with insiders and outsiders, with 'us' and 'them'. The function of traditional governance structures (be it governments, firms, gangs) is relatively straightforward: to enhance the well being of the insiders, while in several ways taking into account the outsiders: as allies or enemies, as partners or competitors, as relevant or irrelevant. This is actually most clear in those cases of formal government structures that because of the distinct nature of their authority always need some explicit justification. Thus, ancient city-states, medieval feudal kingdoms, and modern nation states generally came into being as a result of internal association (shared language, culture, history) on the one side, and external pressures (wars, foreign oppression, natural threats) on the other. They derived an important part of their legitimacy – and thereby authority and effectiveness – from the fact that they were representing and protecting the interests of their subjects or citizens against an outside world. With global governance, this element is missing; the world by definition has no 'outside world'. There is no exit. There is no external disciplining force: global governance is a pure exercise in collective self-control.

The present paper focuses on the problems this raises for global governance. The fact that there is no exit, calls in the celebrated vision of Albert Hirschman, for a clear and loud voice. Hirschman's "exit, voice and loyalty" (Hirschman, 1970) framework appears remarkably suitable to analyze the current problems of global governance. Exit from a job, a family, a city, a country is always possible, even if at times it may be very costly. Exit from global governance, as argued above, is impossible: at best it might express itself in neglect, cynicism, national cocooning. Voice by contrast provides an outlet: an

¹ The 'monster-view' can for example be found in neo-marxist literature like Negri and Hardt's *Empire* (2001), or in Castell's *Network Society* in which a global network-logic is 'grazing' the world for profitable pastures, including and excluding areas as it sees fit.

outlet for the concerned global citizen (or Globelics researcher!) frustrated by the lack of global governance in areas of particular concern to him or her. There is little doubt that the current structure of global governance is, with few exceptions such as the rules governing international trade (WTO) or international currency exchanges and lending of last resort (IMF), relatively weak. Certainly when compared to the spread of global pressures moving well beyond the international exchange of goods and finance. And so “voice” has really been organized and found expression in the activities of Non-Governmental Organizations (NGO’s) which have grown rapidly over the last decades and spread across the various and innumerable subjects which citizens appear concerned about: from the torture of humans and animals, the preservation of species and the rain forest, the quality of food to environmental degradation and the use of child labor.

Globelics as “voice”

Much of the debate on globalization and global governance often does not so much reflect real, true, principal disagreement, but rather misunderstanding and miscommunication between participants. Not surprisingly, there is no clear shared frame of reference in the discussion – the discussion itself partly is about competing frames of reference. Still, this makes it rather difficult to position the different kinds of discussion relative to each other, and distil the real points of disagreement out of it to put them at the forefront – to make clearer what the *actual* choices at stake are, instead of getting lost in an analytical labyrinth with many ways but no way out. In a first section we hope to add value to the discussion by presenting a number of theoretical notions from the literature that are ‘transdisciplinary’: they combine the insights from several disciplines in social sciences and thereby have the potential for structuring the plurality of issues, developments, opinions and discussions concerning globalization and global governance.

Globalization leads to global problems and poses global policy challenges, and dealing with these requires some form of global governance. ‘Governance’ as we argue in the second section is not the same as ‘government’; governance refers to the whole structure of institutions regulating human behavior, including we suggest the triad of “the state”, “the market” and “the community”. But while global governance will to some extent resemble such traditional structures of governance, it has several important unique features. Apart from the “no exit” possibilities, the geographical and organizational scale and size, and the variety and diversity global governance is confronted with, is most unique. This has profound implications, both practical and theoretical. At a global level, many theoretical notions about governance, government and management that were developed in an open inside/outside context (firm, state, club) look quite differently within the context of a “no exit” framework, some even lose part of their meaningfulness. Nevertheless, much can be learned from existing systems of governance, even though in the end global governance will be different. However, the world cannot afford too much ‘trial and error’.

That is exactly the reason why “voice” in the form of active debate, discussion and proposals for alternative governance is of such an importance as we argue in section 3 of

this paper. It can assist in identifying some of the best conditions for the global experiment. Hence, the importance of the particular role of NGOs. We consider the exit, voice and loyalty framework particularly useful to analyze the particular contribution of NGO's to the global governance debate. Voice, even if it might be at some times too noisy, too cumbersome or too biased, has, we would argue, to be cherished. It is the only outlet for improvements in global governance, which NGO's have activated. NGO's provide, by no means exclusively, to some extent the voice of the 'voiceless': the losers from international competition, but also those that cannot raise their voice: future generations, (ethnic) minority groups, the victims of global diseases; as well as the whale, the giant panda or the rain forest that have no voice. If it weren't for NGO's, globalization would resemble increasingly a process of change outside of the control of humans with no exit, and only the voice of cynicism and distrust left. So let Globelics become the global voice of innovation researchers without frontiers.

Section 1. Making sense of globalization

Introduction

When looking at the discourse on globalization of the last decade², commentators seem to have disagreed on almost every point: whether there really is a process of globalization taking place; and if so, since when, to what extent and in which domains; and in which ways and with what consequences; and whether it can be considered to be a really fundamentally new phenomenon or just more of the same.³ Globalization is not only politically hotly debated, it is also one of the most contested topics in the social sciences these days. By now there is an appalling amount of literature on the topic of globalization and global governance. Whereas less than a decade ago the literature on globalization was mostly positive of tone, the past few years this tone has changed quite drastically: the pendulum has swung back and the focus now mainly seems to be on the problematic side of globalization⁴.

² Like Guillen (2001) and many other authors do.

³ Some observers state that globalization is a historically unique, new phenomenon, since due to new information and communication technologies the world has turned in at a global village; others claim that globalization was always there and that the world in the times of Alexander the Great or in the 19th century was more global than today; while again others are even stating that a process of globalization does not really exist except in the discourse, that it is a typical example of social construction.

⁴ To list just a few titles of books published over the last few years bringing to the forefront the impression of pluriformity of the debate:

There is Ulrich Beck with *What is Globalization?* (2000), Anthony Giddens' *Runaway World: How Globalization is Reshaping Our Lives* (2000), Joseph Stiglitz with *Globalization and Its Discontents* (2002), and Cavanagh et al. writing on *Alternatives to Economic Globalization* (2002) and *The Challenge of Global Capitalism* (2002) by Robert Gilpin and even already *The End of Globalization* (James 2000) and *Global Anarchy* (2000) by Smith, Lyons, and Moore. Globalization has many aspects, as is reflected in book titles like *Global Woman* (2002) by Ehrenreich and Hochschild; *Global Sport* (1999) by Maguire; *Faith and Interfaith in a Global Age* (1998) by Marcus Braybrooke; *Citizenship in a Global Age* (2001) by Delanty; *Nation and Citizenship in the Global Age: From National to Transnational Ties and Identities* (2001) from Munch; *Global Mind Change* (1998) by Harman; *Nations Without States: Political Communities in a Global Age* (1999) by Montserrat Guibernau; *Global Culture/Individual Identity: Searching for Home in the Cultural Supermarket* (2000) by Gordon Mathews; and even *The Global Soul: Jet Lag, Shopping Malls, and the Search for Home* (2001), by Pico Iyer. On the subject of 'global governance' more specifically, also many books, articles and policy-reports have been written: Paul Kennedy et al. with *Global Trends and Global Governance* (2002); Aseem Prakash and Jeffrey Hart et al. with *Globalization and Governance* (2000); Oran Young et al. with *Global Governance: Drawing Insights from the Environmental Experience* (1997); Brian Loader et al. with *The Governance of Cyberspace: Politics, Technology and Global Restructuring* (1997). Aksu and Camilleri et al. with *Democratizing Global Governance* (2002); David Held of course with *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance* (1996), Richard Falk's *Religion and Humane Global Governance* (2001); Mark Duffield's *Global Governance and the New Wars: The Merging of Development and Security* (2001). Furthermore, on the subject of global 'civil society', there are again many publications. To again name just a few of the most recent books: Michael Walzer's *Toward Global Civil Society* (1998); Tadashi et al. with *Governance in a Global Age: The Impact of Civil Society from a comparative Perspective* (2001); John Keane's *Global Civil Society?* (forthcoming 2003); the *Global Civil Society Yearbook* (2001, 2002), published by two research centers of the London School of Economics; Mary Kalder's *Global Civil Society: An Answer to War* (2003).

Whereas Ulrich Beck in *What is Globalization?* (2000) is still trying to answer the question on what globalization actually is, Harold James is already announcing in *The End of Globalization* (James 2000) the possible end of globalization. Beck aims to clarify the many ambiguities in the debate on globalization, by distinguishing different types of globalization in different domains, and identifying some conceptual traps. He addresses issues like ‘transnational social spaces’, ‘methodological nationalism’, ‘national branding’, ‘place polygamy’, ‘globalization of compassion’, ‘experimental cultures’ and ‘public entrepreneurs’. He discusses possible political responses to globalization, for example the prospect of a ‘transnational state’, and warns for the alternative prospect of ‘Brazilianization’.⁵ In this view, globalization leads to a reality with on the one side a small, cosmopolitan core elite of people with money, and – more important – with knowledge and skills, that have all the key positions in society, and on the other side a wide peripheral with mass of people going from one low-value flexible temporary job to the other before ending in unemployment, competing with each other for the diminishing amount of remaining work, at the mercy of the whims of the global economy, living a ‘patchwork life’ at the broad margin. James points to another possible ‘doom scenario’: a fissioning not along class-lines, but along nation-lines, which in due time will basically end globalization. He shows how the growing world trade of the 1920s and 1930s led to imbalance, uncertainty, protectionist actions and responses, which was a major factor giving rise to the worldwide Depression of the 1930s. By analyzing current policies of major countries, James argues that globalization (again) breeds its own nationalist responses that, if not counteracted, can lead away from free markets and even dangerously toward political dictatorship, as happened in Germany in the 1930s.

Anthony Giddens, in *Runaway World: How Globalization is Reshaping Our Lives* (2000) sees globalization as a major development transforming almost every aspect of people’s lives everywhere. Giddens sees a divide not along class-lines or nation-lines, but along the lines of attitude and mentality. According to Giddens, the battleground of the twenty-first century will pit fundamentalism against cosmopolitan tolerance. In a globalizing world, where information and images are routinely transmitted across the globe, everyone is regularly in contact with others who think differently, and live differently. Cosmopolitans welcome and embrace this cultural complexity; fundamentalists find it disturbing and dangerous and take refuge in a renewed and purified (religious, ethnic, national) traditions – and, quite often, violence.

Joseph Stiglitz, in *Globalization and Its Discontents* (2002), focuses on the creation and subsequent misgovernment of globalization by “faceless international bureaucrats”. As chief economist at the World Bank, Stiglitz was confronted with policymakers using

⁵ This is a term coined, or at least made popular, by Michael Lind in his book *The Next American Nation* (1996). According to Lind, the real threat to the United States is the decline of the influence of principles of liberal democracy. This will not come about, as many multiculturalists claim, as a result of a *Balkanization* or fragmentation along racial or ethnic lines. Rather, the decline will come about, Lind believes, due to a *Brazilianization* which he defines as a “fissioning along class lines”. “Brazilianization is symbolized by the increasing withdrawal of the white American overclass into its ... world of private neighborhoods, private schools, private police, private health care, and even private roads, walled off from the spreading squalor beyond. Like a Latin American oligarchy, the rich and well connected members of the overclass can flourish in a decadent America with Third World levels of inequality and crime.” (Lind 1996).

outdated economic models and dogmatic design policies, based on mistaken political doctrines like the ‘Washington Consensus’, that were maintained even when it became clear that they did not hold and were detrimental to the countries and situations to which they were applied. Stiglitz observed within the major institutions of globalization a damaging desire for secrecy, thereby exacerbating mistakes, covering up power-structures and hidden agendas, and inhibiting positive change and learning. International institutions are not in touch with the immense diversity of institutional, economic, social and cultural settings in this world, and – worse – they do not even seem to mind this.

Cavanagh et al., in *Alternatives to Economic Globalization* (2002) are presenting both a critique of globalization as well as possibly realistic alternatives. They assert ten core requirements for sustainable societies, including equality, basic human rights, local decision making, and ecological sustainability, and demonstrate how globalization undermines each of these. To deal with the scarcity of feasible alternative visions they then discuss alternative systems for energy, agriculture, transportation, and manufacturing, and ideas for weakening, dismantling and replacing the WTO, World Bank, and IMF, institutions that in their view are too much tied to the present power structure and though may have the best intentions, are simply not able to bring the far-reaching changes that are required for sustainable development.

As mentioned in the *Introduction* of this paper, globalization is far from a uniform, inevitable trend: it is a fragmented, incomplete, discontinuous, contingent, and in many ways contradictory process. Not surprisingly, there is no uniform agreed upon definition of globalization. Most define it – in different variations – as basically a process of increasing global interdependence (of actors, processes, economies, nations). Others point out that globalization is not only a process in social reality, but also an ideological construct, that is used to justify a wide range of more concrete political standpoints. Depending on the story about globalization (good-bad, new-old, inevitable-avoidable, etc.) it is used to halt certain developments, and to stimulate others.

There are numerous indicators for globalization: international trade, mobility, telecommunication, number of multinationals and international organizations, spread of the English language. It is interesting to observe that the fastest increase among the indicators does not refer to globalization itself, but to the literature on globalization. There has been an explosion in the number of articles and books on globalization published in the economic, sociological, and political literatures. Perhaps the most bewildering feature of the literature is not its size but the remarkable diversity of authors that have contributed to it, ranging from postmodernist scholars or social theorists who rarely, if ever, engage in empirical research to number-crunching empiricists, politicians, and management consultants.

The debate on globalization and global governance is both *positive* (what is happening, what could happen) and *normative* (what should happen – from the perspective of certain ideals, values, passions, interests, hopes, fears). The positive and the normative elements in the debate are not always easy to distinguish and hard to fully separate. Many (factual) discussions on globalization-the-phenomenon are in fact also (normative) discussions

(neo-liberal, neo-marxist, fundamentalist, etc.), even if this is not recognized or acknowledged as such.

The different normative positions in the debate are, not surprisingly, related to the different backgrounds, cultures, (disciplinary) viewpoints, values, interests and experiences of the participants – these are to a large extent determining the perception, selection and interpretation of facts, and the type and direction of the analysis of these facts. The differences are multiple and large, and the consequence is that debate on globalization does not only reflect these difference, but also simple misunderstandings related to these differences: resulting from the different assumptions, concepts and language used, which are not made explicit because for the users they are self-evident. This hinders progress in the debate, that tends to retreat into different circles of relatively like-minded participants that are not very open to each other. The different role participants in the debate have also accounts for some of the disagreement or rather, the lack of finding common ground. The idealistic demonstrating activists with their calls for sustainable development and human rights for all, the cautious social scientists with their detailed, specialist analyses concerning certain sub-areas, and the pragmatic policymakers that have to be realistic, simplifying, negotiating, compromising – between these kinds of different roles (and accompanying personalities), there is not much mutual understanding and appreciation. A large share of the disagreement in the debate on globalization results from misunderstanding rather than disagreeing.

As to the *research* on globalization, there are roughly three layers of analysis that are more or less interwoven, but still can be distinguished. First, there are the *actual developments* that make up globalization, like the expansion of world trade, the growth in international capital flows or the dramatic increase in information and communication streams across the globe with the advent of Internet. Second, there is the layer of the *debate* on globalization. With the rapid growth of globalization literature, this level of analysis has grown in importance and can be found almost standard in the introductory paragraph or first chapter of any publication on globalization. The focus at this level is on the different ways of interpreting and valuing the concrete developments observed and described at the first level of analysis. Third, there is the layer of what could be called ‘the debate on the debate’. At this level, there is the recognition that globalization is too complex to be understood from any one single perspective or analytical framework, but needs an open, so to say “global” approach – in the sense of multi-disciplinary, multi-culturally, multi-ideologically. Moreover, there is the notion that the different approaches that are used to analyze globalization contain information in themselves. Instead of regretting the presence of so many approaches and trying to reduce them to a single approach, the plurality of approaches is seen as the core of the matter. By analyzing the standpoints in the debate, determining where it comes from and what it can tell you, important insight is gained about the process of globalization – because in the end, it is also the globalization of ideas that is at stake and that needs to be studied and discussed, as part of the overall work on globalization. This level of analysis is concerned with the different types of explanations given (e.g. neo-liberal, neo-marxist, conservative, fundamentalist) and how they interact in a global arena of ideas.

In the literature, often all three levels of analysis are addressed to some extent, though seldom is this explicitly recognized and accounted for.

It is important to recognize these types of generic analytical problems in the literature on globalization (the dual notion of change, the mixture of positive and normative aspects, the interweaving of different layers of analysis), in order to get more grip on what is actually communicated in an article, report or book. Following, the major issues in the globalization debate are briefly presented.

1.1. The Global Economy

Economically, the last half-century has seen unparalleled growth and transformation, and globalization is seen as an important causal factor in this. During the 19th century, the world economy gradually became more integrated through international trade and capital movements. The latest *World Economic Outlook* (IMF 2003) gives a detailed description of this process. From the mid-19th century until 1914, world trade expanded more rapidly than real output: 3.5% against 2.7%. This was partly a consequence of a reduction in effective import duties, which on average came down from 15% to 5%, and of greatly reduced transport costs. The First World War and the subsequent depression of the 1930s meant a serious setback in the integration process. It was only after the Second World War that the creation of the GATT and accompanying reforms set the integration process moving again. The ratio of international trade (exports and imports) over GDP of many countries overtook that of 1913 only around the late 70s/early 80s, but after catching up, it continued to grow steadily.

Today, foreign direct investment as a percentage of GDP is 2.5 times greater than twenty years ago – and nearly four times greater in the developing world. Trade has also grown, although not as fast as foreign investment. Financial globalization has grown fastest: Foreign exchange turnover increased tenfold between 1979 and 1997 relative to world GDP, and both cross-border bank credit and assets have increased more than twofold as a percentage of world GDP (CGG 1997). In the 90s, one day of foreign exchange trade was typically more than hundred times higher than world yearly trade (Eatwell 1996). The barriers to capital movement have rapidly come down, resulting in a growth of the volatility of the (financial) economy. It is mainly the short-term, speculative finance that has grown, having only limited impact upon long-term foreign investment activities in the ‘real’ economy. Savings and investments have remained stubbornly national.

Multinational companies have somewhat increased production activities outside the home country. However, this ‘multinationalization’ of production has mainly been an intra-OECD phenomenon, and country-specific patterns of specialization often continue to be persistent (Meliciani 2001). Labor markets have not really globalized, with the exception of the growing mobile top tail of the skills distribution (engineers, scientists, managers, actors, football players, etc.) and the growing mobile end-tail of illegal aliens, fugitives, migrants. Persistently national labor markets show equally persistent high asymmetries in skills of the population (Dosi 2002).

There is a continuing concentration of innovative activities, which are matched by persistent international differences in the share of resources devoted to formal technological learning, which will not be elaborated upon here as it is the core of most of the other contributions to this first Globelics conference.

Let us just briefly highlight though the importance of information and communication technology (ICT) as driving force for globalization, dramatically lowering barriers of time and money for the transport of information, goods and people. It has become extraordinarily more efficient for some firms to locate different phases of the production process in different parts of the world. To illustrate: the cost of a three minute telephone call New York-London has come down from \$ 188.50 in 1970 to \$ 3.50 now (Witteveen 1998), and the prices of computer have come down even much more sharply. In addition to such ICT, the non-economic integration of parts of the world (in terms of institution, political structures, mentality) has facilitated the economic globalization (and vice versa).⁶

Widespread trade liberalization and financial deregulation have now created an increasingly global market. Many countries have benefited by seizing the opportunities of globalization, but others have gained little. Institutional and tariff impediments to globalization have remained the highest in activities in which developing countries are often more competitive, such as agricultural products, textile, etc. Striking international price differentials exist even in tradable commodities with low trade barriers production and consumption (Bradford 2002). Weaker countries risk being (further) marginalized.

Globalization seems to be biased in favor of countries with a more developed economic system that disproportionately profit from the opportunities that came with globalization. Not surprisingly, countries are (wanting or not) 'importing' elements of the specific institutional set-up of the liberal Anglo-Saxon system, because it could enable them to maybe also profit from globalization. However, systems cannot simply be transplanted. Though on average real GDP per head in developing countries has doubled in the last thirty years (Witteveen 1998), inequality has risen within many countries, rich and poor, and the gap between the richest and the poorest has widened sharply, with an increasing concentration of income, resources and wealth among certain people, corporations and countries. In more than 80 countries, income per head is less than a decade or more ago, and in 55 countries income per head has been falling since 1990. Before the Industrial Revolution the income gap between the poorest and the richest countries was smaller than 1 to 2, probably 1 to 1.5 (Bairoch 1981, Dosi et al. 1990). Since then, the dominant tendency is of fast increasing differentiation among countries, and overall divergence. Though economic progress has benefited many, the global distribution of it remains very uneven; a sixth of the world's people presently live in absolute poverty, and even the richest countries are troubled by a deprived underclass.

As the actual capacity to use knowledge becomes a key to economic success, world disparities could well deepen. Furthermore, the growing disparities are made more visible

⁶ For an overview of the extent to which such globalization can be considered a "new" phenomenon, see for example Petit and Soete (2001).

by the media's wider reach, which accentuates discontent and, among other things, produces pressure for migration, not just from rural to urban areas in developing countries, but also from poorer to richer countries. But while frontiers are broken open by economic forces, they are being closed against people. This limiting of migration by narrowing of access is a growing source for tension and conflict. The most energetic of the denied migrants may decide to devote their skills and entrepreneurship to the illegal economy. More in general, people that have little to lose and no (legal) ways to gain, easily become a destabilizing factor in society.

The pace of the globalization of financial and other markets seems to be outstripping the capacity of governments to provide the necessary framework of rules and co-operative arrangements to ensure stability and prevent abuses of monopoly and other market failures. National solutions to problems originating from a globalized economy are severely limited, while the limited structures of global governance are still underdeveloped and often tied to national interests⁷.

1.2. Global Security

The world might have been spared of “world wars” in recent decades, conflict and violence have not diminished. In particular, there has been a rise in strife not between but within states. Global integration seems to be counterbalanced by an equally strong trend of fragmentation. More ethnic groups than ever seem to be reasserting their identities and yearning to create their own state. These have resulted in large-scale suffering, gross abuses of human rights and massive refugee problems, sometimes requiring external intervention. Many of these internal conflicts have highlighted the actual vulnerability of minorities in general. The focus of new security concerns is not the threat of traditional interstate wars but the fear of underdevelopment as a source for conflict, criminalized activity and international instability.

Since the terrorist attacks on the World Trade Center and the Pentagon on September 11th, it has become clear that seemingly internal, isolated, geographically contained conflicts (like in the Middle East) can become “globalized”, in a dramatic way. Small terrorist groups have discovered the vulnerability of the global political and economic system, and of the states build on these, however strong their army is. Global terrorism has given war a new dimension. It is very hard to fight a global, international war against a closed, professional, dedicated underground network with no clear location, which can use all the global information and communication networks – especially when using conventional methods (police, army). However, using unconventional methods may pose problems in the area of human rights. Different parties seem to have learned different

⁷ Global economic governance is provided by the Bretton Woods Institutes and the World Trade Organization (WTO). The Bretton Woods Institutions are the World Bank, and the International Monetary Fund (IMF). They were set up at a meeting of 43 countries in Bretton Woods, New Hampshire, USA in July 1944. Their aims were to help rebuild the shattered postwar economy and to promote international economic cooperation. The original Bretton Woods agreement also included plans for an International Trade Organization (ITO) but these lay dormant until the World Trade Organization (WTO) was created in the early 1990s.

lessons from the international terrorist attacks. Many are of the opinion that if anything, September 11 more than ever shows the need for global governance based on international law, international justice and compliance as well as voluntary cooperation, mutual respects and understanding. Isolated conflicts, such as the Israel-Palestine conflict, can no longer be treated in isolation; the emotions, the uncertainty, the moral conflict, the war methods, will in the current international mobile world spill-over to other countries, unless there is a global institutional system to keep things in check. Others however interpret September 11 as a signal that the different parts of the world are too different and their interests too diverging and contradicting to ever agree. This in their view should be recognized, not denied, and action should be directed to protecting the own interests, since others are doing the same. Again others choose to mystify the issue, by demonizing international relationships, speaking either of an ‘axis of evil’ (US administration) or of a ‘Holy War’ that has to be fought (Islamic leaders). Though a ‘clash of cultures’ – a conflict of different, mutually exclusive norms, values, and beliefs – definitely seems to be part of the story (Huntington 1996), it is important not to reduce it to this.

Rivalry has always been inherent among sovereign states. In the past, states’ efforts to increase their own security by expanding their military capabilities and forming alliances with other military powers invariably threatened the security of other states. The struggle for national security was a perpetual zero-sum game in which some states won and others lost. In this 21st century, war between states seems even less likely than before to produce any real winners. The world has become too small and too crowded, its people too intermingled and too interdependent, its weapons too lethal. Ballistic missiles, long-range aircraft, and weapons of mass destruction have made the security offered by national boundaries even more illusory. Efforts by great powers to preserve their military dominance will stimulate emerging powers to acquire more military strength. At the same time, emerging powers’ attempts to redress the military imbalance can only prompt traditional powers to reinforce their capabilities.

The results of such a vicious circle will be rising political tensions, wasted resources, or worse – war by accident or inadvertence. Globalization is seen by some as a possible way to get out of this, because it would converge the diverging interests of the different countries and tie them together. But similarly to the Prisoners Dilemma, a win-win game requires a basis of trust, and exactly that is what is lacking, especially after September 11. The idea of pre-emptive wars in name of democracy for all may sound attractive, but even when the intentions in such a war are totally pure, there is of course an intrinsic “democracy deficit” paradox in any attempt to establish global democracy by force.

Not only war, but also *crime* threatens security. The term globalization has been used primarily to describe some key aspects of the recent transformation of world economic activity. But several other, definitely less benign, activities, including the drug trade, terrorism, and traffic from humans to nuclear materials, have also been globalized. The liberalization that works toward a borderless world is also helping international criminals. Next to crime, *disease* is also globalizing. Global cooperation has eradicated smallpox, and it has eliminated tuberculosis and cholera from most places; but now the world is

struggling to prevent the resurgence of these diseases and to control the global spread of AIDS.

‘Security’ in the broadest sense, is about more than war, crime, and disease. There is growing concern over the threats to stability that could arise from non-military, non-criminal factors. The economic turbulence of recent times highlights the global interdependency of economic processes. Factors on the one side of the globe can seriously undermine economic security in the other side. Renewed efforts to improve coordination in policy in the interests of achieving more stable conditions for investment are undertaken to reduce the spiraling dynamics of a global economy without global governance. In the globalizing world, competition becomes more intense. In this world, social security is no longer viewed as an honorable achievement, the crown on the process of economic development, but as a burden, hampering flexibility, halting innovation, perverting incentive structures, keeping wages at a high level, decreasing labor participation and increasing the tax burden. In other words: social security is increasingly seen as a competitive disadvantage in a global economy. To what extent that view is justified is an important question. Social security systems are in fact an indispensable factor providing institutionalized solidarity, fostering trust and creating social capital, which is of paramount importance in individualistic western societies with complex economies consisting of countless smooth transactions between numerous more or less anonymous participants.

As has become clear, security has many dimensions, and all are importantly determining the well-being of people. *Collective security*, as envisaged in the UN Charter, is based on the idea of members in a particular group renouncing the use of force among themselves while pledging to defend any member of the group attacked by external forces. It is inherently military focused. *Comprehensive security*, on the other hand, emphasizes changing the present military- based notion of security. Among its dominant ideas are co-operation, confidence- building, transparency, gradual disarmament, conversion, demobilization, and demilitarization. Recently, a new concept – *human security* – has received attention. This is a people-centered approach that is concerned not so much with war or weapons as with basic human dignity. In recent the *Human Development Reports*, human security includes safety from chronic threats such as hunger, disease, and repression, as well as protection from sudden and harmful disruptions in the patterns of daily life. The reason for the broadening of the security-concept is not only our higher ambitions in this area. It also shows that the types of risks have changed. The new dangers are not coming from outside but from inside, from our very own system.

The sociologist Anthony Giddens uses the term ‘manufactured risks’ for this: events that, though caused by human action, nevertheless seem as inevitable and unavoidable as natural phenomena like an earthquake or a flood. Risks can roughly be divided into two types. *External risks* in principle and in essence originate from *non-human factors*, even though human factors may influence the specific consequences of these risks; for example bad harvests due to bad weather (which could have been mitigated by the human decision of not practicing monoculture), floods caused by storms (which could have been prevented by the human action of building proper dykes), illness and death by diseases

like the plague (which is aggravated by human factors like mobility, urbanization and lack of hygiene). *Manufactured risks* are in principle and in essence created by *human factors*, even though nature may play a significant role in these risks, and even though human actors do not recognize or acknowledge the human factor or feel that human actors cannot influence the risk; for example unemployment (an inevitable feature of modern economic systems), loosing market share due to globalization, dying because of technological development (for example in a car-accident), dying because of BSE (which is caused by the efficient human production-system in which cows are recycled via cattle-food), being flooded because of melting ice caps due to global warming (which is a change in nature, but it is at least partly caused by human behavior leading to increased CO2 in the atmosphere). The main challenge of mankind today seems to be to control the consequences of its own (aggregate) behavior. This challenge is more urgent than before: because of globalization, the impact and reach of the consequences of man's behavior has strongly increased, whereas his control over them has decreased.

Global governance in the area of direct security (defense) is mainly to be found with the NATO and the United Nations who can issue charters and send troops to certain areas for certain tasks. These troops have to be provided by nation-states though, and the fragmented lines of command do not improve chances of successful performance. To keep any check on these activities there are rules for law and a court: the International Court of Justice in The Hague which is growing in importance but still almost completely dependent on the adherence and support of nation-states. In the area of global terrorism, the national Intelligence Services (CIA and clones of it in other countries) cooperate to some extent, but given the sensitivity of the intelligence work this is a difficult cooperation. As to international or global crime, there are organizations like Interpol and Europe that offer a platform for cooperation of national police. As to the wider concept of security, there is nothing close to 'global social security', save the work of developmental aid organizations. The global management of 'manufactured risks' such as unemployment and pollution are adopted by a variety of actors at the international level, with limited success and impact.

1.3. The Global Environment

An already mentioned important concern of global scale is the environment, which is closely linked to economic development and population growth. Human activities have adverse – and sometimes irreversible – environmental impacts, and the world needs to manage its activities to keep the adverse outcomes within prudent boundaries, and to redress current imbalances. Grave environmental problems beyond national remedy, such as greenhouse warming, ozone depletion and, in some cases, natural disasters, have linked the fate of nations more closely together – even if some are still 'in denial' on this. Both affluence and poverty contribute to environmentally wasteful behavior. Population pressure, in combination with economic growth, will do the rest. It seems not realistic to halt economic growth (as the 'zero-growth' advocates plead for), and even if it were possible it would maybe not even be a desirable option. Economic growth is a relatively peaceful way of human competition, it is canalizing human energies in getting more by

making more, not by *taking* more (from someone else, in a zero-sum game or worse). Though *halting* economic growth may be undesirable and even impossible, *bending* economic growth it is not impossible. Changing the direction of economic growth toward a more sustainable way seems the only feasible solution. This is unlikely to happen by itself and in any way has to be accelerated, to control the environmental damage as much as possible. Consuming behavior can be changed (as the booming marketing and advertising sector shows) and is already changing – but slow. Green investment, eco-products, green energy: these are signs of a change, but no more than that.

More people have been added to the world's population in the past five decades than in all the previous millennia of human existence. The overall world economy⁸ has grown and will keep growing. This in combination with the related multiplication of population will eventually create a world economy many times larger than today's. This has severe consequences for the environment that are partly irreversible, and there is ecological limit to this. In addition there may very well be a socio-biological limit to this, as animal experiments have shown (above a certain concentration of rats in a cage, they become stressed and either get depressed and passive, or aggressive, attacking other rats). Unfortunately these types of limits will probably only be acknowledged when the world has crossed them and feels the consequences, with the ones in power feeling these last.

In any scenario, major changes in economic practices will have to occur. Though many of the people in power realize this, they do often not agree on the timing, the nature and the (structural) extent of the changes needed and especially not on the way that the burden of the costs of these changes has to be distributed. The globalization process is an important factor of these problems, because it is globalizing the western production and consumption patterns. In addition it is an important obstacle to possible solutions, by limiting the space for long-term considerations because of the increasing pressure of short-term problems (due to increased competition, decreased solidarity). The issue is hence often postponed, ignored or sometimes even denied by politicians, afraid of endangering the country's economic power in an increasingly global competitive environment.

The links among poverty, population, consumption, and environment and the systemic nature of their interactions have become clearer. System change is very difficult to achieve in a non-revolutionary way. It requires integrated, global approaches to manage this type of problems.

1.4. Global Culture

As interactions of people are increasing as the result of international business and increased mobility in general, and media like television, radio, cinema and Internet are spreading, the question arises what this means for culture. There are roughly two

⁸ 'World economy' is the economy of the world, all economies together, which has to be distinguished from 'global economy' referring to the part of the economy that is worldwide.

positions in this. On the one hand, it is thought that cultural variety and indigenous values suffer as homogenization is promoted by global exposure to entertainment industries and other transmitters of Western lifestyle, like fast food chains ('McDonaldization'). On the other hand, it is thought that the increased interaction between different cultures can enrich culture in general, because it creates dynamic meeting points and new 'fusion' culture, as is observable in cooking, fashion, art. Local and regional cultures are not threatened but get an impulse when finding new ways of expression via the different media, strengthening existing cultural communities and enabling to build new cultural communities that are not geographically bound, for example virtual communities on the Internet. Globalization in this view would in fact stimulate and enrich culture; a global culture is not necessarily a homogenous culture.

As often, both views contain elements of truth, showing again that globalization has (at least) two faces, that there are cultural costs and benefits so to speak, and that the question is how to balance these most favorable. It is important not to deny the inherent dynamic character of culture, and its encompassing fluid nature. It is not a variable that can be easily controlled. On the contrary, it can even be argued that globalization itself in fact is an element of culture, to be more precise: of modern Western culture. Many other cultures do not share the idea of a necessarily expanding world order; it is a typical feature of Western societies, reflecting Enlightenment ideals about the nature of progress.

Huntington (1996) in the *Clash of Civilizations* cites: "There can be no true friends without true enemies. Unless we hate what we are not, we cannot love what we are. These are the old truths we are painfully rediscovering after a century and more of sentimental cant." For people seeking identity and reinventing ethnicity, enemies are essential. According to Huntington it is the need for cultural identity that is shaping the dynamics of globalization, as much or more than economic forces. He states that the most important distinctions among people nowadays are not ideological, political or economic, but cultural. Individuals and nations are trying to answer the most basic question humans face: who are we? And by answering that question in the traditional way human beings have answered it, by reference to things that define their identity and give meaning to their world: ancestry, religion, language, history, values, customs, institutions. People use politics not only to advance their interests but also to define their identity. This is often referred to as 'identity politics'. The same is true for economic behavior, and one could speak of 'identity economics' (Weehuizen 2003).

Huntington's main message is: we know who we are only when we know who we are not; and we know what we are for often only if we know whom we are against. According to him, the conflicts of today and the future are in essence cultural conflicts

1.5. Global Media

New information and communications technology, in addition to driving economic globalization and social transformation, have also transformed the media world and the spread of information, with important consequences for national as well as global governance. This began with radio broadcasting in the 1940s and has since been extended

through television and satellite transmission to give even those in remote places immediate access to sound and images from a wider world. In some countries, new communications systems have even brought people news of domestic events that is not available locally. Direct-dial international telephone and fax services have swelled the transborder flow of news and other messages. The Internet allows communication and the sharing of information between computers around the world.

Exposure through the media to foreign cultures and life-styles can be both stimulating and destabilizing; it can inspire both appreciation and envy. The concern that the dominance of transnational media could result in cultural homogenization and could damage indigenous cultures is not limited to non-Western countries. Comparable to the environmental question, many people also in western societies have the ideal of maintaining 'cultural biodiversity'. Many people are worried that media images will strengthen the consumerist ethos in societies in the early stages of development. There are questions about distortion and imbalance as the world's news is filtered predominantly through Western prisms, and dissatisfaction that information flows from and within the developing world are inadequate. Apprehension about concentration in media ownership is linked to worries that this sector's power to shape the agenda of political action may not be matched by a sense of responsibility.

The wider access to information is potentially and actually good for democracy, which gains from a better-informed citizenry, as well as beneficial for development, scientific and professional collaboration, and many other activities. But although there has been a spectacular expansion in the reach of some communications media, serious imbalances remain in access to information and in the distribution of even the most basic technology. Two billion people – more than one in three individuals in the world – still lack electricity. In 1990, Bangladesh, China, Egypt, India, Indonesia, and Nigeria together had fewer telephone connections than Canada, which has only 27 million people.

Still, the wide linkages now facilitated help pull the world's people closer together, at least in terms of awareness. Media images of human suffering have motivated people to express their concern and their solidarity with those in distant places by contributing to relief efforts and by demanding explanations and action from governments. The media's influence on the shaping of foreign policy is considerable in many countries.

Famine and extreme poverty are broadcast to the rich, but the lifestyles of the rich also are broadcast to the poor. The extremes are more evident. The long-term consequences of extreme and highly visible global inequalities between countries, classes and individuals are difficult to predict. The social fabric of some countries has proved extraordinarily elastic in the face of economic extremes, the US being the most obvious case. But it is difficult to believe that global structures are similarly stable since there is no unifying political consensus and only a weak structure of global governance.

1.6. A Global Perspective?

The capitalist market economy has proved to be the most powerful engine for economic growth. It is the moving force behind the present globalization of the world economy. It is so strong because it uses individual desire for material gain in an effective way, harnessing that desire in a system of competitive pricing and flexible markets, leading to high growth in welfare for the community as a whole. There is wide-spread criticism to this idea of an 'invisible hand' transforming egoistic motives into a better world for all. The universalistic claim of this line of thinking is under increasing pressure because of globalization. By confronting the capitalist system with essentially different systems, globalization unmasks it as being in essence local system, formed in a certain cultural and socio-economic context (western Christian industrialized societies) in a specific period of time (the last two centuries).

This in principal 'local socio-economic system' however is quite contagious and has spread rapidly, overtaking other systems from the outside or from the inside. The capitalist system gives a strong impulse to materialistic and egoistic inclinations, which are universal indeed. Sulak Savaraksa, a prominent Buddhist thinker and activist expressed his deep concern seeing how during his lifetime, Buddhist values of spirituality, harmony and friendliness have been turned around and completely overwhelmed by market capitalism in Thailand (Savaraksa 1992). He saw people being captured by a feverish strife for greater material wealth, which at least in his view was not necessarily leading to a better quality of life or more happiness. The capitalist system is opposed to Buddhist virtues of sobriety and overcoming of self-interest. He calls this 'consumerism' and sees it as a pseudo-religion, and poses the question of the trade-off between material gains of the poor in Thailand and the spiritual loss.

Similar concerns seem to lie behind 'Islamic economics', which aims to restructure economic thought and practice on the basis of fundamental Islamic teachings. As for example Kuran (1996) argues, its main purpose is to prevent Muslims from assimilating into the emerging global Western culture, not to improve economic performance. Since interest, insurance, speculation, indexing and other basic success factors of capitalist practices are considered contrary to the Islam, economic performance indeed is impeded by taking the Islam as a basis. The observation that in fact the capitalist system is based on a particular religious body of thought is to some extent correct. In medieval Christianity, interest on loans was forbidden and striving for worldly possessions was not considered a good thing. As Max Weber (1930) has shown, the new Christian branches of Protestantism and Calvinism changed this. Working hard and accumulating capital was seen as a virtue, fulfilling the duty God had put on man to not waste things and to make the most out of life. Weber showed how the religious spirit, which was the basis of this attitude, vanished as wealth increased. Capitalism rests on 'mechanical foundations' according to Weber, it has a self-perpetuating incentive-system, and once the mechanics are set into motion by (Calvinist) spirit cleaning away moral barriers, the religious support is no longer needed.

However, capitalism is under continuous attack, not only for practical reasons (the environment) but also because of doubts on the fundamental underlying assumption of the system. More welfare does not necessarily bring more well-being, and it can at some

point even decrease well-being, as research from within and without economics shows (Scitovsky 1976, Easterlin 1974, Inglehart 1995). Since the religious justification of hard work and capital accumulation has disappeared in the process, the low correlation between material welfare and happiness is the more serious from a psychological perspective.⁹

1.7. Global Democracy?

An overwhelming change has taken place in the past decades on the level of political order of many societies. Authoritarian regimes of various sorts have largely given way to (at least nominal) liberal constitutional democracies. These are roughly defined by equal political participation rights of all citizens, the guarantee of human, civic and political rights, and the accountability of governing elites. This global phenomenon of mass transition to democracy was partly driven by the ideals associated with the democratic regime form.

What are these ideals, what is democracy deemed ‘good for’, or capable of accomplishing? Offe (2000) comes with four cumulative answers. First there is the ‘liberal’ achievement of rights and liberties being guaranteed and the drawing of a clear demarcating line between what can or should be subject to discussion, deliberation and decision in the political system and what not, because it is forming the basis of the very system itself, laid down in the constitution. As a consequence of both rights and procedures being guaranteed in both principle and practice (through the judicial system), democracies enable a non-violent, limited, civilized character of political conflict and more in general, incremental change (as opposed to revolutionary change).

A second reason for the moral attraction of the democratic regime form is its ‘international’ accomplishment, expressed in the ‘democratic peace’-hypothesis dating back to Kant (1795). It posits that democracies will not wage war against other democracies. It must be noted however that in a world of international regimes and alliances, democracy everywhere is not a necessary condition for international peace.

Third, there is the ‘social progress’ accomplishment. Democracies rest upon majority rule, and majorities are typically made up of the less privileged segments of the populations (elites are by definition small and a minority), who are able to affect the size and distribution of economic resources, through policy, taxation, social security. Democracy by its design would in principle promote social justice and social and economic dynamics.

Finally there is the ‘republican’ accomplishment of (forms of) the democratic system, the ability of transforming ‘subjects’ into ‘citizens’: agents committed to and capable of

⁹ Clearly, in poor countries and for poor people, money makes a huge difference. Until a certain level of income, material gain is strongly correlated with increases in well-being, but above that level the correlation drops, and happiness is much more correlated with other, non-economic factors such as the amount and quality of social relations, and even with certain genes.

employing their cognitive and moral resources to solve political problems, according to a logic of collective learning, and striving for the 'public good'.

Democratization was not just pulled by those reasons and the hopes attached to them, it was also pushed by causes. The internal instability of many authoritarian regime forms and their general failure to deal with domestic and international challenges made democracy the regime form chosen 'by default', as a compromise. When none of the different national elites competing for power manages to become the strongest, then 'the people' remain the only conceivable bearer of sovereignty. This choice is influenced by two types of external agents: pressures and encouragements from other liberal democratic nations and their supranational organizations, and preferences of investors for operating under regime forms which meet the minimum requirements of rule of law, security of contract and accountability of political elites.

However, the growth of democratic regimes has been accompanied by a sense of disenchantment. The new wave of democratization has not brought all that was hoped for. It used to be argued by democratic theorists that an advanced economy is a determinant or a prerequisite of democracy, and that in turn democracy will enhance the potential for growth and prosperity, in a mutual feedback loop. It turned out this was not necessarily the case. Neither economic progress, nor social justice and civic involvement, are automatically promoted by a democratic system. Offe (2000) points out that as the number of democracies increase, their quality seems to decrease, giving rise to well-founded complaints of democracies having degenerated into mere 'electoralist' or 'delegative' democracies, or even downright defective democracies controlled as a privilege by non-accountable elites. Not all regimes labeled as a form of democracy are democratic, and moreover, a democratic regime form may be an indispensable prerequisite but evidently not an automatic assurance of the highly valued qualities generally associated with it.

Democratization (in its various forms) of the nation state is a global phenomenon. However that does not necessarily mean that democracy also is assured at the trans- or supranational level, as the example of the European Union shows. A bunch of democracies together do not automatically form some kind of (meta-)democracy.

Dahl and Tufte (1973) pointed out the contradictions between democracy and the need for political institutions that can cope with problems that flow across political boundaries. Democracy is most compatible with small political units because these provide more opportunity for citizens to participate effectively and meaningfully. On the other hand, larger political systems are required to cope with large-scale problems. At the same time that transnational units will increase the capacity of the system to handle critical problems, transnational units will also increase the ineffectuality and powerlessness of the individual citizen. Democratic theory has never been good in offering useful guidance about the appropriate relations among different democratic units. Rather than conceiving democracy as locate in a particular kind of inclusive sovereign unit, upscaling it to a global level, Dahl and Tufte (1973) argue we must learn to conceive of a democracy spreading through a set of interrelated political systems. The central problem is no longer

to find suitable rules, like the majority principle, to apply within a sovereign unit, but to find suitable rules to apply among a variety of units, none of which is sovereign.

These units do not necessarily have to be nation states, on the contrary; the size of nation-states is not ideal for democratic participation. Considerable research is directed at networked local communities and especially at cities and urban regions, connecting to other cities in other countries, developing into a transnational network of cooperation, though in practice nation states are by far still the most dominant actors.

1.8. Global Law?

In 1948 the International Court of Justice observed: “the progressive increase in the collective activities of States has already given rise to instances of action upon the international plane by certain entities which are not States” (Noortmann 2002). The rise and proliferation of non-state actors have since then developed beyond the Court’s imagination. Beside international organization, NGOs and multinationals, there are transnational criminal organizations,

Globalization, and the growing role of non-state actors in this pose serious challenges to international law. Law in general is traditionally conceptualized within the framework of nation states, and international law dealt with states among each other. According to Giddens (2000), globalization is not only changing the way the world looks, but also (and necessarily) the way we look at the world. With respect to the theoretical framework for international law, globalization is not a completely new or different development requiring the development of totally new theoretical approaches. Nevertheless, it poses enormous conceptual and practical challenges to stretch the existing legal frameworks to accommodate the developments associated with globalization. The legal framework is national in orientation (even when it is international), and it has important pillars such as a Constitution, the possibility of enforcement, a system of jurisdictions, that at a global level is not to be found. Already mentioned in former paragraphs is the International Court of Justice in The Hague, Interpol and Europol, WTO, IMF, the World Bank. The European Union is an example of a ‘law’ making institute at a truly supranational level, but nevertheless it is the nation-states in the EU that are deciding on European laws.

There is no ‘global law’, merely a variety of international regulation, and a range of multi- or bi-lateral treaties, pacts and agreements. And importantly, there is nothing like a global enforcement system not depending on nation-states.

At the same time though, the position of states is eroded, and many other actors are increasingly influential at the international level. Globalization as a legal term refers to legal and de facto *denationalization* – of markets, laws, and politics. International (economic) relations are not primarily concerned anymore with the coordination of competing state interests, but with the conservation, distribution and protection of global public goods. A legal structure for global governance therefore has to try to identify and connect to this process and the actors involved.

Conclusions

It is not so long ago that globalization was predominantly viewed as a good thing, allowing developing countries to catch up and join the game, and ideally bringing peace and prosperity to everyone. A global economy supposedly could optimally profit from differences in comparative advantages in different areas in the world, and globalization would diminish transaction costs in terms of political, social, cultural and linguistic barriers. Moreover, a global economy would create such far-going and intrinsic interdependencies between economic processes, that no country would dream to start a war against another; because by harming the other it would harm itself. Interests would largely converge in a global economy ending in an overall win-win construction, and this would help to create the next ideal: a global society, a 'global world'.

These ideas changed quite abruptly and drastically. Apparently somewhere in the 1990s, globalization became a problem. It had become clear that a global economy in fact was highly problematic and by no means was automatically leading to win-win situations. Protests from a wide variety of groups gave voice to the 'losers' of the globalization process. But though at some point the problem was generally recognized, there was less consensus on the cure.

Roughly two 'camps' can be distinguished in the discussion. Both agreed that the costs and benefits of globalization were unevenly distributed. Based on that, one 'camp' concluded that the process of globalization should be halted and even reversed. The other concluded exactly the opposite: the real problem was that globalization was not complete, the world was facing symptoms not of a disease but of a transition-process; and in fact globalization should be speeded up, not slowed down.

Of course there are many standpoints between these two extreme views. The aim of this section was to give a brief but by no means exhaustive overview of the elements of globalization, and to touch on the main themes in the discussion on globalization. Without taking a clear position in this debate, it seems safe to say that halting or even reversing the globalization process is not an option. However, it seems equally naïve to assume that more globalization would solve the problems caused by globalization in the first place. A globalized world by no means has to be a good, just, 'civil' world. The real question thus is not "to globalize or not to globalize", but: how to globalize? This is the bread and butter of global governance.

Section 2. Governance

Introduction

What kinds of institutions are best suited to cope with global problems, such as outlined in the previous section? What configuration of agents might at all be capable of doing whatever ‘is to be done’ at a global level? To address the question of global governance, we need first to address the question of governance more in general.

Although there is much debate on the need to re-invent *government*, the issue of *governance* is much broader: how might societies - governments, corporate entities and civil society together – become more effective in arriving at desirable collective outcomes. In this section, we present two ‘trans-disciplinary’ frameworks with which the problem of global governance can be better analyzed and understood: the *exit-voice-loyalty* framework, and the *state-government-community* framework.

A recent OECD publication, titled *Governance in the 21st Century* (OECD 2001) sets out to trace a path to the new forms of governance that are likely to emerge as a result of long-run economic, technological and social transformations. It highlights three broad themes: (1) old forms of public and private governance are proving increasingly ineffective; (2) the new forms of governance will involve a much wider range of active participants; (3) the rigid modes of power concentration and distribution that characterize most existing organizations seem destined to give way to more flexible and dynamic methods in the future.

The report addresses the much-debated issue of the decline of the nation-state. For more than 300 years, the nation-state has been accepted as the key political actor in developed industrial societies. In a global society, however, national governments seem destined to become only one of many decision-making nodes, in a vast network. Setting and achieving goals, be it in a specific community or planet-wide, will depend on a constantly changing constellation of collaborative efforts. Fostering shared values will be a crucial part of making this type of network decision making workable.

To adapt to these changes, public and private organizations will need to be able to regularly redistribute responsibilities according to the nature of the task at hand, rather than on the basis of rigid hierarchies. A redistribution of authority and a major leap in the acceptance of experimentation with this seem to be the crucial ingredients for realizing the benefits of the present changes, the OECD report concludes.

It is necessary to gain more understanding of governance and its components more in general, before going over to the global level. Claus Offe (2000) and Richard Nelson (2002) both offer an insightful overview of the issue of building social order. They build on the classical triad of state, market and community that are constantly realigning in an unclear process of transforming the division of labor concerning governance. We start though discussing the exit-voice framework of Albert Hirschman. Hirschman developed

this framework originally to explain the behavior of firms, but it has proven to have strong analytical power for many other issues and is used in different areas. In the following account 'consumer' can to a large extent be replaced by 'citizen' and 'firm' by 'government'.

2.1. Exit, voice and loyalty

In his famous work *Exit, Voice and Loyalty* (1970), Albert Hirschman introduces the concepts of exit and voice as two possible responses to a decline in product quality. He suggests that economists tend to concentrate upon the exit function as a signal to firms that customers are unhappy with a product. Consumers may exit under two conditions: when the price gets too high, and when the quality declines. The latter is Hirschman's more immediate concern. When consumers exit following price rises, the firm might not react as higher profits may be obtained from fewer customers at the higher prices. Quality decline causing exit to other rival firms should lead to a reaction from the producers as they try to maintain market share. These are the signals markets give to firms, and Hirschman argues that the relationship between exit and the reaction function of firms is crucial for this signaling system to work. If demand is inelastic then the exit signals of consumers' concerns about quality deterioration will not appear; if demand is very elastic and exit too spontaneous, the firm may not have time to react before bankruptcy. Thus he suggests a mix of alert and inert consumers is required, for an initial early sign without a mass exit. This model is not only applicable to quality decline in products, but also to differential quality across products (Barry 1974).

Exit may be an efficient means of signaling consumer demands in perfect markets, but with monopoly supply there is nowhere for consumers to go. Similarly, if the quality of a product deteriorates across firms in a market simultaneously, consumers may be constantly exiting from one firm's product to rivals without ever attaining satisfaction and no signals will be received by any of the firms as their exiting customers are replaced by others switching from a rival firm's shoddy products. Here the only means of signaling discontent is to express concerns verbally.

Hirschman defines voice as: "any attempt to change, rather than to escape from, on objectionable state of affairs, whether through individual or collective petition to the management directly in charge, through appeal to higher authority with the intention of forcing a change in management, or through various types of actions and protests, including those that are meant to mobilize public opinion." (1970: 30).

As with exit, a firm needs time to be able to respond to complaints, leading Hirschman to suggest that voice can become too 'loud' but that generally the louder the voice the more likely the firm will respond. Voice may require some alert citizens to complain, and some inert ones to provide a bedrock of stability. There are obvious advantages to voice over exit. Exit is a fairly crude, binary response. Voice responses can be more subtle. Consumers may express more clearly what they desire, and can verbalize the intensity of their dissatisfaction more easily. Operationally, exit is dichotomous, voice a continuous variable. One may only signal disapproval by exiting to a rival product on offer, but one

may voice the sort of products one might like. Of course voice is also problematic. Talk can be cheap, but ‘actions speak louder than words’. Cheap talk may only reveal strategic preferences rather than genuine ‘naïve’ ones, and whilst exit may also be used for strategic purposes in some contexts, because it is not so subtle it is less easy to exercise it for manipulating.

The relative costs of voice and exit are of course crucial to any analysis. Exiting from one product to another when both are next to one another on a supermarket shelf is costless, whereas complaining about the product may be very inconvenient. In other contexts, exiting is very costly, switching jobs for example or moving house, Voice is often more costly than exit with less assured results. But voice may also be costless. If a market researcher knocks at your door asking for your views on given products for example, giving your opinion may even bring non-pecuniary benefits of ‘speaking one’s mind’ to a ready listener. A distinction can be made between ‘vertical voice’ – talking to the superiors or to a firm – and ‘horizontal voice’ – talking to one’s friends, neighbors, colleagues (O’Donnell 1986). Generally vertical voice is more costly and has some psychological costs (the stress of speaking critically to superiors), while horizontal voice generally is not very costly, and has psychological benefits of expressing, sharing. The relative costs and relative benefits of the exit and voice will vary massively across contexts.

Whereas economics has focused mainly on exit, political science has focused on voice. Hirschman points out however that this analytical specialization is a mistake; exit and voice in practice always work together in both economic and political contexts. The relationship between the two is complex. On the one hand, voice can be more effective if there is a threat of exit; on the other hand, if exit is easy, then consumers may not bother with voice and just shift products. Exit possibilities may thus tend to ‘atrophy the art of voice’. This is a key aspect for the applications of the exit-voice framework.

There are two ways in which exit can affect the use of voices. First, exit can atrophy it, as consumers do not learn how to use voice effectively since they choose the easier and less (individually) costly exit option. It is important to realize that at the collective level the costs may be much higher, since exit minimizes learning potential of organizations and economies – exit only gives information about wanting a certain possibility or not, nothing more. Second, exit may ‘drive out’ voice, in the sense that the ‘alert’ who might have voiced, exit instead, leaving behind the ‘inert’ who then suffer in silence.

Loyalty is the most difficult concept in Hirschman’s framework. Hirschman introduced the concept of loyalty to try to understand why exit is virtually ruled out in certain contexts such as the family, tribe, church and state. Loyalty clearly makes exit less likely, but does not necessarily give more room to voice. Loyalty serves as a brake on exit, preventing it from occurring when its use would otherwise be rational. Thus, loyalty often tends to activate voice.

In general, the choice of an individual for exercising exit or voice depends on the relative costs, including the balancing of the uncertainty of voice (will it change anything) and the

uncertainty of exit (you know what you've got, but you don't know what you'll get). Many factors play a role in this, including the position and influence of an individual, psychological preference or resistance to change, emotional attachments.

Loyalty to a group depends upon one's identification with the group. One can feel 'American' or 'French' or 'Japanese' and be loyal to the country no matter how much one disagrees with the policies of the government of that country. To exit from your own country (region, city, organization, family) just because of disagreeing with policy of the government (management, family-members) is a painful, emotionally costly process. Loyalty does not normally mean a mere reluctance to leave a collectivity, but rather a positive commitment to further its welfare by working for it, fighting for it, changing it for the better (Barry 1974). Loyalty depends on the extent one identifies with something, and the extent to which one has invested in something (things tend to become more valuable if one has to put effort in acquiring them). Identification depends on the degree that something is experienced as constituent part of the self. You may find it hard to leave the house in which you were born, even if it is falling apart and there are much better houses available. The company you worked for the last 20 years, the nation of which you are part – all these things are important part of your self-definition, and giving them up means losing part of your identity.

Loyalty is changing the odds for exit and voice, in favor of voice. This is not always a positive characteristic, as is clear in the case of for example a woman staying with her alcoholic husband who beats her up regularly; the employee who stays with his company even though he gets a miserable pay; the soldier who dies for his country in a war he doesn't believe in.

The things people get attached to and which have become part of their identity to some extent, are always things representing 'past voice'. People tend to attach to the things they have worked for, on, at – be it a relationship, a company or a country. A fight often strengthens a personal relationship, an employee can give voice to his ideas about the product or service of his company, a citizen literally has a 'vote' in his country. In addition to the specific content of what is voiced, the very act of voice is important: it is signaling that someone cares, and in addition (though not necessarily) is willing to invest in the object of his voice. Investing in turn increases identification and therefore loyalty; an employee who helps improving the company's product or increasing the company's sales will identify with the company because it is partly made of *his* (her) work, effort and ideas; a soldier who is fighting for his country will identify more with it because he has risked his life for it and it has become an important part of his being – not in terms causality (it is important, so I will risk my life for it) or cognitive dissonance and post-rationalization (I risked my life for my country, so – ruling out the possibility that I am crazy – my country must be very important), but rather in psychological development terms (I am partly shaped by my experiences, and fighting for my country was a very important experience which shaped me and which has become a part of my identity). So voice creates commitment, which creates identification, which creates loyalty. The next step is less clear. Past voice leads to present loyalty, but present loyalty does not necessarily lead to future voice. However it does influence the relative exit-voice

tendencies with individuals who share satisfaction levels but differ in amount of loyalty (via the intermediating variables of commitment and investment).

The exit-voice-loyalty framework is applied to a wide range of issues. In political science it is used for comparative politics, for example when analyzing the changes in East-European countries after the fall of the Wall, which suddenly saw an increase in both exit and voice options. In social psychology it is used as both an analytic and predictive tool to examine social relations at work, within and between groups, and in romance. For example, Tajfel (1974) uses it to describe how people respond to membership of underprivileged and disadvantaged groups in society, such as ethnic minorities. They can either 'exit' through upward social mobility, for example when a person from an ethnic minority moves into a profession traditionally occupied by whites, Or they can try to raise the status of their entire group through social change, using voice ("I have a dream..." or "Black is beautiful")

For the issue of global governance, the application in political science is especially interesting. The exit-voice-loyalty (EVL) framework has been used in urban studies, as an extension of the Tiebout (1956) model. Tiebout suggested that if there were a large number of local jurisdictions in a single metropolitan area, they could compete for households by offering different tax-services packages. 'Citizen-consumers' would then 'vote with their feet' by moving interjurisdictionally to the local government which offered the preferred tax-service mix. At a larger scale something similar can be said about different countries offering different possibilities, thereby consciously or unconsciously competing for citizens. The packages developed rich countries offer their citizens are clearly relatively attractive; hence the continuous migration from South to North (and in Europe also from East to West). But also between the rich countries there is competition, with as clearest example the 'brain drain' by the US, attracting the most talented and most highly educated individuals from other countries by offering them special opportunities.

In urban studies literature, there are two main camps. The fragmentationist position holds that fragmentation of metropolitan government promotes efficiency through the competition of local governments, in addition to giving the citizen-consumer a choice to determine for him or her self what is important. However, the low-income households have no exit option and therefore their voice has not much backing (they have no way to go anyway). The consolidationists argue that the voice-option should be strengthened for all, not only for those with high incomes. They find no evidence to suggest a relationship between fragmented government structures and efficiency. However, neither is there much evidence for the superiority of their own solution. They introduce a fourth category, of 'neglect'. This refers to the phenomenon that individuals do not make use of enlarge voice options even if it clearly is in their advantage and has not real costs. The explanation for this can be found in mechanisms such as 'learned helplessness', (dis)trust, cynicism, lack of identification.

In global governance, there is no 'exit' option. This simple observation has many consequences. It means that global governance has to be predominantly a system of

voice. By democratic involvement of all parties, the system of voice can generate a certain ‘global loyalty’, which will support additional future voice instead of the neglect or withdrawal option.

In the following paragraphs, three main spheres of governance will be explored: market, state and community. These are related to exit, voice and loyalty, but not in a straightforward way. Exit roughly is associated with the type of rationale that is dominant in markets (choice: A or B, yes or no). Voice is often associated with political structures, be they for the public good (as in the democratic state, elections and participation), or for a smaller scale public good (firms having employee representation and customer satisfaction surveys). Loyalty is generally coupled to community, since it involves social-psychological attachments (loyalty to a product is in fact also a community phenomenon, it is related to life-style, being part of the Coca-cola experience or the Nike-community)

2.2. State, market and community

Questions of institutional formation and reform are conventionally framed in terms of which spheres of life should be governed by the state, the market or the community. Concerning this ever contested division of domains, social scientists, on the basis of their professional expertise, have little privileged insights to offer. At best, they can elaborate on the basis of empirical observations and the analysis of causal mechanisms, as well as feasibility and consistency assessments, some critical arguments that can inform judgment on these matters.

What to avoid is more obvious than what to actually do, according to Offe (2000). Old design options are obsolete regardless of whether we already know this or are in the process of slowly coming to understand this. Old design options are typically monistic, relying on the state, the market or the community as the ultimate guarantors of social order and cohesion.

More promising solutions are essentially ‘impure’: none of the three principles of social order is to be relied upon exclusively, but none of them is to be denied some role within a composite and complex ‘mix’ of institutional arrangements. These three partial components of social order stand in a precarious relation to each other, as each of the components depends upon the functioning of the two others. On the other hand, their relationship is antagonistic, as the predominance of any one of them risks to undermine the viability of the two others.

Offe discusses the three components in turn. The state, the market and the community represent ideal-typical modes in which people live and act together, the mode of coordination of individuals and their action. Each of them, as it were, activates and relies upon one of the three collectively relevant capacities by which human beings can shape the social world: reason, interest and passion.

The state can be thought of, as the 17th century political theories in fact did, as a creature of human reason, both in terms of its coming into being through a rational contract and in view of its day-to-day ‘formal rational’ operation through bureaucratic rule (Weber). Reason is the capacity of individuals to find out and recognize that what is good for the individual and what is good for all, in principle and in the end fall together.

The market is of course, driven by the interest of human agents in the purposive acquisition of individual goods without any or much of a consideration of, or control over, what the pursuit of acquisitive purposes will do to others or to our future selves, be it in the positive sense (as the wealth of nations being promoted through an ‘invisible hand’) or in the negative sense (with crises, injustices, social conflict, or environmental damages as an aggregate outcome that, as market logic implies, nobody can foresee and nobody is accountable for).

Finally, there is the notion that social order presupposes or, at any rate, benefits from, the rights and duties that are attached to the members of the concrete communities of persons. The cement that integrates the members of such communities is human passion (such as love, honor, pride, or a sense of loyalty and attachment). From these communities, be they families, religious groups, or those defined by shared ethnic traditions or certain values and ideals, we derive our identity, our sense of belonging and the commitment to an ethical model that informs our life plans.

The three classically distinguished modes of coordination of human action that Offe (2000) describes, in fact closely reflect the triplet of the French Revolution: liberty (market, interests), equality (state, reason) and brotherhood (community, passion). Each of these three types of human capacities, generating corresponding patterns of social order, specializes in maximizing one distinctive value. This value is equality of legal status, comprising duties and rights in the case of states; freedom of choice in the case of markets; and identity and its preservation (through commitment, solidarity and loyalty) in the case of communities. While justice is an important consideration within all three of these patterns of social order, the operational meaning of justice differs significantly. In the case of the modern state, the mark of justice is the extent to which the rights, most often equal rights of all citizens under a constitution and the rule of law principle, is guaranteed and enforced by state agencies. Market justice, in contrast, emphasizes the entitlement of partners in market transactions to obtain what was agreed upon between them in contracts they voluntarily entered into. Finally, justice within community is a standard defined according to the criteria of recognized need. The members of communities are called upon, in the name of some community specific justice, to come to the assistance of needy members even if they have in no way ‘earned’ the claim to such assistance through contributions made by them or through legal entitlements assigned to them by state authorities. The group is deciding, according to its standards, values and traditions, who is in legitimate need of what.

This brief exercise in sociological basics is needed to understand the truth of two related propositions. First, providing for social order and stability through institutions cannot rely on one of these patterns – state, market, community – alone. Any ‘monistic’ institutional

design tends to ignore (on the theoretical plane) and destroy (in its practical implications) the contributions that the other two components of the social order have to make. Second, it cannot even rely on a combination of any two (that is, excluding the respective third) of these patterns, be it a market-state, state-community, or community-market synthesis. All three foundations of social order are needed, and in a mix that prevents them from undercutting each other.

The problem of designing appropriate institutions can thus be formulated as that of keeping an appropriate distance from the extremes of 'pure' solutions while at the same time avoiding 'too little' use of any one of them. This demarcating of the components of social order, of correcting, maintaining and fine-tuning the mix within the bounds of a complete balance is what a 'civil society' is about, according to Offe (2000). It is important to briefly remark here that the term 'civil society' is used in different ways and often is made to refer to the mode coordination of human action that Offe (and others) calls 'community'. The reason for this is that civil society in that sense is the interaction of 'civilians', as contrasted with 'citizens' and 'consumers/producers'.

2.3. A mixed architecture of governance

The pure doctrines are easily recognized. First, social democratic statism (although that is the doctrine least often advocated as a 'pure' public philosophy these days) emphasizes the activist use of strong governing capacities as the key to social order and social justice. It is opposed by market liberalism, or rather libertarianism, as a doctrine that proposes to rely on social coordination to be effected through price signals and little else, thus advocating privatization, deregulation and the demolition of status rights, particularly the status rights of labor. Finally, there are religious as well as non-religious communitarian and in essence social conservative public philosophies, which emphasize the shared meaning, mission and identity of family, religious and national communities as the ultimate foundations of social cohesion. Needless to say, systems of political parties in many countries reflect this configuration of public philosophies, divided as they are into socialist/social democratic parties, market liberal parties and parties envisaging social order in terms of religious, ethnic or other value-driven identities.

According to Offe, the problem of designing and defending state-society relations is not that of opting simplistically for one of the three, but of engaging in, or at the very least, tolerating a process of the ongoing design, readjustment and fine-tuning of a rich and adequate mix in which all three building blocks of social order have a mutually limiting and variable role. The capacity to invent, implement and tolerate such ideologically and quintessentially impure patchworks of social order is the mark of civility or 'civility', i.e. the ability and willingness of citizens to utilize open and peaceful deliberation as well as the institutional methods of carrying out social and political conflict.

If institution building according to some 'correct line' can no longer be performed by political ideologues and politicians, then what can guide it instead? Offe puts that in an age that has outgrown the scheme of ideologists; the key role in designing and preserving

social order must reside with the citizens and their civic associations themselves. In an essentially mixed institutional world, informed public judgment and deliberative civic engagement is needed instead of ideological ‘expert’ knowledge. Offe points out that it appears that today both socialist and conservatives have come to recognize and heed the need for self-limitation, giving room to the market and to each others principles; yet most market liberals are lagging behind in the reflexive art of relativizing their own creed. The ‘belief’ in the solving powers of the market is still strong.

The conclusion Offe draws is that there is no given, pre-known optimal design of society. It is a collective balancing act between different mechanisms and their accompanying values and dynamics, and this balancing act has to be continuously done, by well-informed democratic deliberation within and between collective actors, both formal and informal. To be sure, demonstrating by academic methods inconsistencies and infeasibilities will help to make more enlightened choices. But the answer remains ultimately a matter of ‘voice’, not of ‘proof’, or of some objective measure of rationality. This is why the design of society is a matter politics, and almost any answer to the question of the proper role and desirable relative size of macro-social organization principles of society will be controversial and essentially contested.

When pursuing the idea of an ongoing ‘civic mix’ of the various ingredients of social order, Offe arrives at a list of six pathological approaches to the building of social and political institutions, or six fallacies. Three of them result from the single-minded reliance upon any one of the three building blocks, and the other three from the premise that any one of the three can entirely be left out of the architecture of social order. These various fallacies differ as to the seriousness of their impact and frequency with which they occur at present.

a) The fallacy of excessive statism

It might seem that after the breakdown of the type of state socialism that reigned in the Soviet empire, as well as after the collapse of much of the intellectual hegemony of Keynesianism in the 1980s, the orthodoxy of excessive statism has become very unlikely at present. However, there is a difference between a big state (as measured in terms of the size of the budget or the number of state employees) and a strong state, a state whose governance has a significant impact upon the level and distribution of life chances within society. It may well happen that a state is oversized and under-effective at the same time, and that the goods it generates are in fact not public goods, but ‘club’ goods enjoyed by privileged categories in society (civil and/or military elites).

There is an ongoing debate within advanced societies as to which spheres of life and collective provision should be adopted or maintained by state authorities and which should be left to, or transferred to, markets of communities (Nelson, 2002). Liberal critics of big government must be granted the point that excessive statism often incalculates dispositions of dependency, inactivity, rent seeking, clientelism, authoritarianism, cynicism, fiscal irresponsibility, avoidance of accountability, lack of initiative and hostility of innovation.

b) The fallacy of 'too little' governing capacity

It is important however to not disregard the importance of the state because of these symptoms of too much state. The state, at the very minimum, is called upon to protect life, property and liberty of citizens. The majority of the citizens would not have property and liberty in the absence of a state-organized education system, housing policy, labor law and social security. In addition, markets for goods, services and financial assets cannot exist without the continuous generation and adjustment of the norms of civil law, as well as the state organized and guaranteed enforcement of these norms through the court system within the constraints of the rule of law, to say nothing even about 'targeted' economic policies aimed at stimulating certain desirable economic developments. If anything, Offe puts rightly, we seem to be threatened more by the pathology of severe state deficiencies than by the pathology of state hypertrophy, although market liberals routinely emphasize the latter. Or, perhaps more accurately, we suffer from the combined malaise of the oversized and underperforming state.

c) The fallacy of excessive reliance on the market mechanism

Markets are mechanisms for the competitive allocation of both the factors and results of production, mediated through price signals. Markets respond to individual desires, as expressed through effective demand. But Offe points out that, except at the very lowest level of income categories, life satisfaction and self-reported happiness are but very weakly correlated with increases in market income and the subsequent effective demand such income allows to be made for goods and services. This is partly due to the –entirely market induced and negative – 'need' to avoid a relative loss of income. Non-tradable pleasures play an important role for overall life satisfaction, and the market can by definition not provide these. Preferences for a just society, for example cannot be fulfilled by the market. The market is said to reward and therefore improve efficiency. But efficiency is valued mainly in an environment where efficiency laggards are punished, i.e. within markets. The markets sometimes has been compared to a 'prison', in which we are coerced to perform activities that are not at all necessarily related to our needs, diverging our time and energy away from them. Markets place a premium upon efficient outcomes that are measured by markets as superior in terms of efficiency: a circular logic. Offe even suggests that from this viewpoint, arguing that market arrangements are preferable over other arrangements because they yield greater efficiency is similar to arguing that cherry trees are preferable over all other trees because they bear cherries. He lists several other compelling reasons for distrusting the general notions about the positive characteristics of markets. Markets are 'self-destructive' in the sense that when left alone cartels and monopolies are formed corrupting the very market that produced them. Markets are known to be deaf and blind: deaf as to the negative externalities they cause, blind to the long term consequences of market transactions for those involved in them. Markets not only lack a self-reproductive mechanism (they constantly tend to subvert themselves into market defeating monopolistic arrangements), they also lack a

self-restraining mechanism. Because they have no way of distinguishing between 'marketable' and 'non-marketable' items, they tend to flood the spheres of social life and marketize everything – unless the distinction is imposed upon them from the outside, through a legal ban (like on drugs) or through standards of proper behavior established by communities. The advocates of markets tend to shy away from appreciating the legitimacy of a second-order competition between the market and other methods of generating and distributing valued items. To illustrate this, it can be said that in the European middle ages, the scope of the marketable items was much wider than it is now in the modern market economies. This may seem strange but it starts making sense when we remember that among the goods traded in the Middle Ages were items such as the salvation of one's soul, military force, the right to marry and other goods that we have come to consider as 'non-tradable'. It could be argued that the diminishing market share of the market was a sign of what we like to think of as progress.

At best it seems, the market's contribution to the creation of social order is strictly contingent upon its being firmly embedded in constraints, restrictions, regulations, limitations, status rights and informal social norms; imposed upon it from the outside, by either the state or the community.

d) The fallacy of an excessive limitation of market forces.

But is it necessary to not forget what markets are good for. Offe mentions four points. First, market exchange, if properly supervised and embedded, is usually peaceful and non-violent. In the 18th century political economists pleaded for the market praising the virus of *doux commerce*, as contrasted with the violence of feudal lords, rivaling city-states and individual robbers trying to gain riches in more aggressive ways. People who relate to each other as actual or potential partners in market exchange normally have little reason to go at each other's throats. On the contrary, they may even develop a certain sympathy for each other, because with the market transaction comes social interaction. Market outcomes (like earned income per hour or prices from products and services) cannot be attributed to any concrete actor. They stimulate self-responsibility and adaptation. Markets are learning environments that favor self-attribution of both favorable and unfavorable outcomes, and as a result, a cognitive frame of responsibility. Markets favor learning and stimulate the creativity and energy of individual actors. Finally, the market has a liberating potential, because it allows the holder of marketable assets to escape the control of either communities or state bureaucracies. Markets are essential building blocks of the institutional structure of social life and cannot be missed.

e) The fallacy of excessive communitarianism

There presently is a tendency of disenchantment with the premises of liberal individualism and its socialist concomitant of universalism. In order to become yourself, you must discover, recognize and cultivate the distinctive 'roots' that tie you to your family and beyond that to ethnic, linguistic, religious communities and their life forms.

‘Identity politics’ has become a widely copied strategy of self-declared groups to gain access to privileges. Similarly, in post-communist countries there is a dramatic rise of the politics of ethnic, religious and linguistic identity politics and nationalism and violent separatism. The communitarian politics of identity and difference tend to be exclusive, anti-egalitarian, and notoriously difficult to reconcile with civic principles of neutrality and ‘color-blind’ toleration. Identity is the passionate identification with some community and is almost by definition inalienable and non-negotiable. It is by essence not egalitarian because it emphasizes differences and it is by nature not free because it is based on the ties that bind us.

f) The fallacy of neglecting communities and identities

However, communities and identities that we are born in are the most potent generators of moral commitment and ethical capacity. Communities provide individuals with a sense of meaning and mission, as well as with all the feelings of pride, trust, love, guilt, honor, commitment and so on, that can only be acquired in communities. Only communities can generate ‘strong’ individuals who are prepared to be held accountable for their acts and thoughts, as opposed to spineless opportunists (that too much market would stimulate) or passive consumer-citizens (that too much state would generate). Communities cannot be manufactured or artificially reproduced, and like the different species in nature they need to be protected from extinction due to the ruthless market or political forces of modernization. Communities are the source of moral energies, which have driven economic, political and social innovation. This is also true for the less ascriptive but still relatively permanent identities that are based upon people’s belonging to local communities, professional categories, political, social or environmental movements. Communities are indispensable and should be given space for their activities because they create a value that nowhere else can be provided, the value of having values.

The three forces, or options for institution building tend to undercut each other. They also depend on each other. As none of them is dispensable, there is a need for self-limitation of the proponents of each of them. Emerging institutional forms of public regarding agency do in fact emphasize, if only in negative ways, necessary limitations. For instance ‘non-governmental organizations’, the ‘non-profit sector’. With equally good reasons one could speak about non-sectarian’, i.e. non-exclusive or non-discriminatory kinds of institutions.

It must be remembered that state, market and community are analytical categories, which have been discussed in a rather schematical fashion. In reality, pure forms of these cannot be found (a firm is also a community, there is also a ‘market’ for policy, etcetera) – they are useful idealtypical devices. The following section will focus on transnational NGOs, including Globelics, using the framework of exit-voice-loyalty and of state-market-community.

Section 3. Global Governance

Introduction

In the former section, the framework of exit-voice-loyalty was presented, and the three main spheres of governance were discussed – state, market and community – and their interdependence and interaction. It is clear that a discussion on *global* governance will also involve those spheres of governance. But global governance has several unique features, distinguishing it from other systems of governance: its scale (geographical, organizational), diversity (of languages, cultures, histories, political structures, economies), and borders (there are none in global governance, because by definition it should encompass the whole globe).

In this last section of our contribution to the Globelics conference, we finally address the question of global governance. Globalists, anti-globalists, globophobes, globophiles, neo-liberals, fundamentalists, politicians, businessmen – all have different views, interests, ideals from which they develop their ideas on and approaches to global governance. How can we meaningfully think about global governance? We will not attempt to be exhaustive here, but rather select an actor with growing importance at the global scene: transnational NGOs. Doing so, we hope we provide some clues as to a possible appropriate framework for the Globelics network.

The ‘demand’ for a structure of global governance is clear. As pointed out in section 1, there are many problems that are of global scale and require some sort of global governance. In numerous books, reports and other publications on globalization and anti-globalization it is stated that the process of globalization is putting pressure on existing more-or-less stable institutional structures. The balanced mix of state, market and community has evolved in the course of a long period of time, within the framework of the nation-state. In spite of the growing presence of many international actors, there is no comparable balance of this triad at the supra-national level.

The ‘supply’ of global governance structures shows a crowded, dynamic landscape of pluriform organizations with a wide range of different missions, ambitions, aims, ideas, ideals, functions, roles, background, history. Historically, global governance has occurred without global institutions. The nineteenth century was a time of deepening integration and unprecedented expansion of trade, investment flows, and migration of people. Some world-wide governance was partly provided by the exercise of dominion through empires, especially Britain’s. It was politically stable, but it lacked consent and was ultimately unsustainable. It also depended heavily on self-regulated markets that were prone to crisis, drawing states into more active management of their economies. This in turn contributed to economic nationalism and indirectly to the major twentieth-century conflicts, which to some extent halted the process of globalization, but also stimulated it; the world wars were global wars, and the awareness of the interdependency of processes across the world and the vulnerability of international relations, ‘globalized’ many minds.

The current process of globalization has spread out to many different areas, and is not comparable to the globalization of the 19th century. The challenges the world is facing today are of a different size and scale. Global warming, global migration, global terrorism, global markets, these issues cannot be dealt with properly without a structure of global governance.

Unilateral or bilateral relations will not do, and even institutionalized multi-lateral relations will not be sufficient. These will reflect the existing power relations, and the most powerful states will dominate global decision-making. That is problematic, because the only acceptable rule is democratic rule. The reason for this is twofold, normative and pragmatic. Interfering with people's lives is only legitimate with their consent, be it directly, or indirectly by their consent on general rules in society; and this consent can only be ensured via a democratic system. In addition: even without taking into account ideals like social justice (ideals that may not be shared all over the world), democracy seems to have the best record as a governance structure favoring peace and economic development. The nations generally considered most successful all have (a form of) democratic rule.

3.1. Upscaling the triad

Non Governmental Organizations (NGOs) are thought to fulfill several important roles at the supranational level that are not and maybe even cannot be fulfilled by any other type of organization. As set out in section 2, market, state and community are the three basic spheres of coordination of human interaction, and they compete and cooperate with each other, counterbalancing and complementing the others, forming a dynamic triad of checks and balances that got fine-tuned in history. With the 'upscaling' of the market as the result of the process of globalization, the state and community also had to be upscaled in order to keep the market in check. This however was not so easy; whereas the market can be upscaled relatively simple because of the universal, anonymous characteristics of money facilitating exchange between very different actors, the state and the community have different characteristics.

The state is by definition bound to a geographical space, and it took many centuries before the state had the position in society that it has now. The upscaling of the sphere of the state to the international level is a long process with many hurdles but with progress. It is reflected in supranational governmental structures such as the United Nations (UN), the World Trade Organization (WTO) the European Union (EU), the African Union (AU), the "Asian union" (the so-called ten-plus-three, ASEAN plus China, Japan and South Korea), the Asia-Pacific Economic Cooperation (APEC), the World Bank and the IMF, and many more. However, a global government with global laws, global enforcement and global democracy is still very far away, and it is questionable whether it ever will come into being. A very important success-factor for nation states was the presence of external threats from other countries; a global state though will not have external pressure to keep together (save for the chance of meaningful extra-terrestrial life).

The upscaling of the sphere of community is problematic too. A community usually is exclusive, defining its identity as much by what it is not as by what it is, and building on (a minimal amount of) shared characteristics of the members. A community needs roots; it needs shared experiences, a shared history, a shared language, shared ideals – the glue that keeps people together. But in spite of English being on the way of becoming a world-language, and of the new media connecting people regardless of distance, showing the world to the world, there are not much commonalities that all actors in the world share, around which a meaningful community can be build. Even supposedly universal values as embodied in the Human Rights, are not shared everywhere. In many countries, it is quite normal to make a difference in rights of people, for example on the basis of gender, of age, of class. Although some observers are relatively optimistic about upscaling community, as for example is reflected in Toffler's notion of a 'global village' and reports with titles like *Our Global Neighbourhood*, and even though there is a growing group of mobile 'cosmopolitans' that live and work anywhere in the world together with people of very different backgrounds – in fact the people in this group do share many important characteristics (education level, type of profession, family background) and are more similar than they may realize.

Because simply upscaling of the building blocks of global governance will not work, the simple analytical framework of three spheres needs to be supplemented. NGOs have a special position that may be key to get a better understanding of global governance.

3.2. NGOs: between state, market and community

One of the most interesting actors on the stage of global governance is the NGO, the non-governmental organization. The definition of NGO is not commonly agreed upon. They are self-governing, private, not-for-profit organizations that are geared toward improving the quality of life (Vakil 1997). With this definition, there still is a whole range of types of organizations that fit in. However, NGOs are different from for example GROs (grassroots organizations) or VOs (voluntary organizations), or PSCs (public service contractors).¹⁰ The term 'NGO' is generally used for organizations with a clear formal organization structure and administration. Though often working with volunteers NGOs have a core of people working as paid employees, and though NGOs often provide public services they do this self-assigned, not as a contractor. The term NGO is understood here to refer to those organizations that are officially established, run by employed staff (often urban professionals or expatriates), well-supported (by domestic or, as is more often the case, by international funding), and that are often relatively large and well-resourced (Mercer 2000). In this paragraph we will discuss the role of international and transnational NGOs in global governance, by using the triad of state, market and community.

3.2.1. NGOs and state

¹⁰ Some other abbreviations often used in this context are INGOs (international NGOs), IGOs (international governing organizations) and TNCs (transnational corporations).

NGOs are *non-governmental* – they even owe their name to it. This is telling: NGOs have a so-called ‘negative identity’; they are defined by what they are not.¹¹ That is only useful if they in fact share a lot of the characteristics of the thing they are not: it is like defining a horse as being a zebra but without stripes, or a laptop as a non-stationary computer. NGOs share many important characteristics with governments; they are non-profit, and they are working for a (the) ‘public good’. The relationships between NGOs and governments are close. An important part of NGO-work consists of influencing governments, lobbying, putting issues on the agenda. NGOs need governments to get things done, to change policy and legal frameworks, and also simply for the funding of their activities: governments are large donors to NGOs, especially in the area of developmental aid. NGOs do not only work closely with governments, they also share characteristics of governmental organizations in terms of organization structure. With increasing size, NGOs tend to develop bureaucratic structures resembling those of governments, devised to bring transparency, efficiency, responsibility and accountability into the growing organization (though sometimes achieving the opposite).

Governments in some cases view NGOs as problem-factors, standing in the way of their policy – for example when members of Green peace chain themselves to trees that were planned to be cut, or to a train that was supposed to transport nuclear waste. NGOs can considerably damage governments, making mistakes or failures, or fiercely criticizing their values, ideas and policy.

Often though, governments see NGOs as valuable partners. Governments need as much relevant information for their policy-making as possible, making use of different sources. NGOs are seen as an important source of information – either directly in what is happening (pollution, abuse, neglect) or indirectly, in signaling what is living among the people (feelings about justice, emotions about values, support for certain policies). In that sense, NGOs are channels of important information, and governments both at the national and international level view involving NGOs as a way of increasing the democratic level of their activities: consulting representatives of different interest groups in society (including NGOs) makes the basis of governmental policies more democratic, and the policies themselves usually more successful.¹²

The growth of the number and influence of NGOs can be understood as a reaction to a growing democratic deficit at the supra-national level, resulting from the dispersed nature of decision-making across national borders (Jordan and Van Tuijl 2000).

In addition to increased *democratic legitimacy*, when governments work with NGOs and help them realize their ideals, they gain increased *moral legitimacy*. By serving a ‘good cause’, governments are signaling that they morally OK, that their motives are pure – even if their actions may seem not to be so (and may actually also really not be so; the road between pure motives and concrete actions is long and dirty). They show that they

¹¹ The advantage of this is that it doesn’t close of the category, to certain types of activities, certain types of objectives and goals.

¹² That is, if the danger of a mediocre compromise (which can be more detrimental than any of the more ‘radical’ alternatives) can be avoided.

mind, that they are responsive to signals from society, that they are willing to take care of the weak, the needy, the innocent, the ones without a voice; and that the people can sleep well at night, trusting the government with the public good. This moral-psychological effect is not to be underestimated; the United Nations for example consciously and explicitly involve representatives of civil society (usually NGOs) to increase their legitimacy and authority. The United Nations need to ‘preach what they practice’, in order to gain public support and ‘moral’ power, to counterbalance the political power of individual member-states, or at least influence the decisions on the national level in the direction of supporting UN policy.

NGOs are complementing governments, by helping them providing information and additional legitimacy; and they are disciplining governments, keeping them in shape by criticizing them, pointing out gaps in or side-effects of their policy, helping them to keep themselves in (moral) check. NGOs are close to governments, sometimes too close.

But there are good reasons why they are explicitly called ‘non-governmental’: unlike governments, they do not have the instrument of law, nor do they have a mandate of law-enforcement (including the monopoly to legitimate use of violence for this); people in NGOs are not elected by an electorate, they are not kept in check by a parliament, they are not representing a clear identifiable group of people. If contributors do not agree with what they do, they can simply stop their contribution, and maybe switch to another NGO. NGOs do not have a ‘monopoly’ position to their beneficiaries, like states have for their citizens.

Governments deliver ‘public goods’ (physical, social and legal infrastructures) and to enable them to do so, citizens have to pay taxes. NGOs do not have the right to raise taxes to finance their activities, they depend on contributors, members, donors. To get financial support, NGOs have to be very explicit about what they do and why it is important. Some governments stress the (partial) ‘deal’-character of providing public goods and services for tax-money more than others; for example in the US it is quite common to find signs saying something like “The State of California is building a road here for *you*”, thereby relinking citizens and government in a common pool of interest.

Especially in the US, certain services thought to be ‘public’ in nature are done by private parties; meaning: not as paid contractors, but as sponsors. “Company X has adopted this road (wood, school, neighborhood, asylum), and will take care of it for you”. Companies do this of course for public relations, but they also do this because they think it is important to have good roads (schools, woods, etc.) because everyone will be better off because of it, and next to that they do it because they feel they have a social role: that they partly owe their success to the community and want to do something in return. The market-motive, the public good (state) motive and the community-motive are blended together, ideally strengthening each other’s goals.

NGOs and market

3.2.2. *NGOs and the market*

NGOs are not part of the state, neither are they part of the market. NGOs are working on a *non-profit* basis. Properly speaking it should not be NGOs, but NPNGOs (non-profit non-governmental organizations), but the predicate ‘non-profit’ is often omitted. Although firms and companies are non-governmental too, and therefore in theory could be labeled as such, in practice it never happens. NGOs are automatically seen as not-for-profit. How justified is this?

Obviously NGOs are not in this world primarily to make profit. However, an NGO that manages to get a lot of funding, can decide to invests this funding in its own organization and to raise the salaries of employees in order to get and keep good people; investments that are meant to increase the effectiveness of the NGO and will lead to even more funding in the future. The difference with companies investing in their own assets in order to enlarge their performance and market share is not so big.

It is not uncommon that NGOs outsource certain activities to market parties because they can do the job better or because they have the capacity to do it. A hybrid category is formed by professional fund-raisers, which sell a ‘good cause’ to people including a percentage profit. The money people give indeed ends up with the dying seals/dolphins/birds/children/fugitives, but for the entrepreneur it is in essence a business to earn a living.¹³

Clearly, NGOs share characteristics with market organizations. Like companies, they have to ‘sell’ their products and services. Their methods for doing this resemble market methods. For the general audience most well-known are the TV-spots, featuring dying animals, tortured political dissidents, starving children, and next showing what a particular NGO is doing against it. In essence these are not much different from commercials about washing detergents, first presenting dirty cloths, stained with chocolate, tomato or worse, and then showing how well the detergent cleans them. Similarly to companies, NGOs also have taken the path of ‘branding’. If Nike or Coca Cola can get people to pay just because they “Can’t beat the feeling”¹⁴, then why not NGOs. And when looking at the catalogues Green peace is sending around these days (out of which you can buy cloths, towels, scarves, boots etc. from the Green peace label), it is hard to distinguish them from normal catalogues. Even their strategy of stressing the qualities of their products in terms of ‘natural’, ‘durable’, and other environmentally friendly adjectives, is not unique, nor is their use of models that are not incredibly beautiful, thin and young, but authentic and real: many companies do these kind of things too these days, because it sells well.¹⁵

¹³ Most extreme are of course television-preachers collecting money for the good works of the church, becoming millionaires in the process, or sect-leaders such as in the case of Baghwan with his numerous Mercedeses. Their organizations clearly do not fall under the definition of NPNGOs, they sell salvation and are simply running a business – with elements of swindling (misguiding product-information, non-delivery of service)

¹⁴ A classic advertisement logo of Coca Cola.

¹⁵ The Body-shop in this respect is an interesting hybrid somewhere between a business and an NGO, advocating animal-friendliness and sponsoring good causes.

The development of “partnerships” between (transnational) NGOs and (transnational) corporations (TNCs) has arisen, oddly enough, from a growing awareness of the damaging impact that TNCs can have on environment, development, and social justice. Why would NGOs want to team up with ‘the bad guys’? NGOs increasingly have started to encourage corporate responsibility, as a direct, effective way to achieve their goals, especially seen their scarce capacity and resources; and in turn, TNCs are increasingly aware that they can no longer continue to simply pursue profit without taking into account the consequences of what they do. Television, Internet, NGO-action, more aware and better-educated customers – all together have lead to a big change playing field. Why not gain a competitive advantage with being ‘fair’, ‘green’, ‘caring’, etc. Partnerships between NGOs and corporations are seen as a win-win situation. However, how sincere are the motives of corporations, and how sincere can they be, and is sincerity and goodness on their part necessary to get good results?

The advantages of an ethical image are well-known and PR companies openly advise companies who face criticism to adopt “cause-related marketing” strategies (think of the oil company Shell), to counterbalance bad publicity and to create trust, both with consumers and with governmental organizations. Corporations increasingly are aware that the benefits of cause-related marketing are long-term, building a surplus account of good-will and trust for times of crisis, and for preventing times of crisis (Thompson 1999).

TNCs often are driven by very specific objectives, that run counter to the objectives of non-profit NGOs (Rundall 2000). TNCs engage with NGOs to create the image that they are responsible “corporate citizens” who can be trusted to regulate themselves. By encouraging NGOs to spend time on weak voluntary codes of practice, little time is left to work on international codes, and strong legislation and monitoring. Because NGOs are influential and have exclusive relationships with governmental organizations that corporations never could have, influencing NGOs for corporations is a way to influence (international) public policy nevertheless. TNCs like to link to prestigious bodies such as NGOs because “the wolf needs a sheepskin”. Furthermore, they can create dependency (in terms of funding and organizations of joint undertakings) and by cooperating they can gather intelligence about NGOs, what they know, what they do, what they may do.

A well-known example is the case of Marketing of Breastmilk Substitutes (WHO 1981). In order to sell more substitutes for breastmilk, several TNCs were aggressively marketing these substitutes, using health claims, gifts to doctors and NGOs. However, safe some exceptions breastfeeding is the optimal way to feed infants everywhere, and it was estimated by the World Health Organizations that as many as one-and-a-half million infants die each year because they are not breastfed. There now is an International Code of Marketing of Breastmilk Substitutes, but it is hard to monitor and enforce. Companies know that if every baby in the world were to be fed artificially for just 6 months, their market could expand to \$36 billion (presently \$7 billion). The companies first protested fiercely against the Code, but then seemed to have embraced it, even claiming that they instigated it, have always supported it and abided by it, and that their voluntary codes are the same thing (Rundall 2000). By supporting it they maintain a favorable business-

climate and a good image, and reduce chances of stricter regulation. As far back as 1982, Raphael Pagan, a former public relations consultant to the baby food industry, recommended: “allying ourselves to some affirmative popular aspirations in the world so as to be visibly contributing not only to the world’s wealth, but to its finding a freer and more open road toward meeting its heart-felt needs that the road offered by the statist or by the ‘no growth small-is-better-redistributionists’”, parallel to reaching out to hold and ongoing dialogue with many new publics whose understanding we need to remain in business (Pagan 1982, see Rundall 2000).

Sponsorship is another important marketing tool for companies. Sponsorship is a commercial strategy for which NGOs have become key targets; the Red Cross, OXFAM, Save the Children and of course WHO and UNICEF have been offered partnership or sponsorship. Sponsorship is much more than simply a way to promote the name of a company. Sponsorship of research for example can influence the way scientists behave, the research questions and outcomes, and issues raised in meetings where laws, policies and international rules are discussed. The mechanism of influence is subtle. Researchers that get support for their work may nevertheless come up with results that cause problems for the sponsor, but they will put the results in a way that does less damage than it could have done. It takes a lot to bite the hand that feeds you. (Shaw 1993).

3.2.3. NGOs and community

NGOs originate from ‘civil society’, the organized part in the sphere of the community. Though they are in principle driven by a community-type of motive, they are quite far removed from the local bowling club. ‘Civil society’ in fact is a container-term, in which everything non-profit and non-governmental is put, as in a residual category. The diversity of organizations and initiatives that fall under civil society is immense. For example, civil society encompasses both anti-abortion groups and groups that are helping women to get a safe abortion so they can get a life; it holds rifle associations advocating the right to wear a gun as well as peace organizations, pleading for the end of violence. Save some general shared characteristics, civil society organizations are mainly characterized by diversity.

An NGO is in principle based on the principle of solidarity in order to have any right of interfering with their beneficiaries – a authentic motive for action based on identifying with the target group (be it political fugitives from Iran, oil-covered birds in the Atlantic Ocean, or abused women in Bangladesh) is the only acceptable moral basis for the right to interfere without explicit consent of those involved. The solidarity-motive is what makes NGOs part of civil society. The difference with pure forms of civil society is that NGOs are not a community of people organizing themselves around a matter concerning themselves (be it bowling, rifle shooting, improving the neighborhood); it is a group of people organizing themselves for the sake of ‘others’, that are not them, and could not have been them. In that sense NGOs are built on empathy and sympathy and altruism.

In economic theory there is interesting research on the (for economics puzzling) phenomenon of altruism. Economists are trying to put altruism in the utility-function of people, by referring to either the direct utility of feeling good about one's moral state, or to some general implicit win-win contract between people, everyone being better off if everyone would be good to everyone. In terms of economics, one could picture NGOs as producing 'global social capital'.

Sociologists explain it in terms of the basic premise of their discipline, the innate disposition of human beings to be social, which finds expression in increasingly complex socialization processes (family, school, friends) over time. The increasing complexity of the socialization process is related to individualism, resulting in a wider variety of behavioral options for actors, and a wider range of types of interaction between them. Increased social and geographical mobility are adding to this. In the past, social relations supposedly were more static: birth decided on most of the aspects of one's life. A son of a farmer would never turn into a nobleman, a woman would always (want to) marry, and likewise.

According to sociologists like Anthony Giddens, globalization is disembedding people, pushing and pulling them out of their context, opening up new horizons, closing down old habits and traditions. Identity no longer is a given, but a question. This has consequences for solidarity, which was in principle based on the recognition of being in the same (social-economic) position, and on a notion of fairness, which was socially monitored within the (geographically bounded) community. Increasingly this is no longer the case. In an economy characterized by increasing division of labor, specialization and exchange, the interdependencies between people are increasing; but the social-psychological ties binding them together rather seem to be loosening.

A new type of solidarity, which is much more general, abstract and universal in nature, is needed to 'keep things together'. According to some, the Declaration of the Human Rights in the late 18th century was a revolutionary step in the development of this type of solidarity.

In practice, the extension of social behavior and feelings of solidarity to anonymous persons at the other side of the globe, or to animals and even trees can be seen as a positive 'externality' of the socialization process, an extrapolation of principles from the direct domain (family, the dog, the garden) into the more distant areas (Africa, giant panda's and the rain forest).

3.3. NGOs and global governance

The role of NGOs on the global scene is seen as important to understand the type of solution needed for the unique requirements of global governance: to deal with the size, scale and diversity of the world, and to deal with the absence of an exit-option.

According to Alan Fowler (2000), NGOs must consciously locate themselves between the triad. NGOs, being non-profit, non-community and non-governmental, are acting as intermediaries between the spheres of state, market and community. In this, they are a category of their own.

Of course organizations always carry all three characteristics: different ministries compete with each other for budgets and 'policy market-share'; a commercial organization can invest in the local community or sponsor the World Nature Fund; within communities people are competing for positions and influences. Every organization is in the end a community (however loose), a market (however weak) and a provider of public goods (whatever the precise motivation for it), just as every individual is a producer/consumer, a citizen and a civilian/group member.

There is a necessity to analyze phenomena in terms of discrete categories, which consequently makes theorists turn to additive modes of social science. Thus, first areas of collective life are subdivided into separate spheres, and these domains get endowed with distinct features and rationales. Then, after distinguishing them from each other, they get 'added' together again, in an attempt to get the whole picture. However, due to the analytical division, the attention remains focused on the differences and borders between the spheres, not on their intrinsic interdependencies and overall coherence. This is not necessarily problematic, and analytical categories are simply needed to enable people's minds to grasp complex reality in the first place. However it can become problematic, when is forgotten that these analytically divided domains strongly influence and affect each other, and constitute and shape each other. Both specialized and 'additive' social theorists tend to ignore this, or if they don't, to reconstruct the whole in an overly artificial way (Kuhn 1962, Chandhoke 200).

NGOs have characteristics commonly associated with each of the 'traditional' three sectors, but cannot be fully understood or analyzed from within the framework of any of them. Their behavior (1) resembles the state in terms of pursuing public agenda's, (2) is associated with markets in terms of surplus generation and self-financing and (3) express solidarity, the motive characteristic of community.

It is important to draw on but also move beyond a too simple three-sector view of society, to a more complex understanding of an NGOs grounding, principles of operation, roles and embedding in society. NGOs are inevitably drawn towards an intermediary position, more than states, markets, or communities. It seems more sensible for them to capitalize fully and effectively on this fact, than to fight it. This combination is captures in the concept Fowler calls the 'fourth position' (2000). It can be argued that NGOs share this position with the media, another very important mechanism of voice that has tremendous impact, but is more volatile.

To fulfill their intermediary position and their main function of 'voice, NGOs should have the competence to speak different 'languages', not only literally but also figuratively: speak the language of different sectors, spheres, cultures; engage across diverse institutional boundaries and foster inter-organizational linkages. Human rights,

even if they are not considered as a priori, timeless and universal, nevertheless can provide the framework for a global process of voice. The reason to put this must not be understood as idealism or ideology but rather as an empirical fact: the framework of human rights has proven to be successful in engaging a wide variety of actors with different social, economic, cultural and religious backgrounds, into an international process of 'voice'.

Conclusions

Globelics' a new research NGO voice?

This paper has turned out too long. There is no need therefore to summarize here again the main arguments presented in the paper.

Globalization is disturbing the existing fine-tuned institutional balances in the framework of the nation state. A new division of labor between state, market and community is coming into place, and many of the present concrete developments can be understood in that light. We have highlighted in this paper the fact that at a global scale, there are *no externalities* – except for ideas such as storing nuclear waste on the moon – save one: the externalities towards the future. This implies that there is no exit from global problems, somewhere someone will have to deal with those: now or in the future. This lack of exit option means that in global governance, there is a strong need for a special system of voice and loyalty, if one does not want the citizen to start feeling totally cynical and disconnected about the global pressures and global problems he or she is confronted with. The NGOs play an important role in this, by being in an *intermediary 'fourth' position* between state, market and community, and by specializing in *giving voice to the 'voiceless'*: the poor, the hungry, the sick, the dying, the dead, that cannot raise their voice; and the whale, the giant panda and the rain forest, that have no real voice.

Let us conclude with a couple of comments on Globelics. The concept of NGO is of course not really applicable to a research network such as Globelics. Research networks even of the global kind such as Globelics have no practical aim at directly contributing to particular global governance issues. The purpose is rather to counterbalance the dominance of national and Northern research. The latter, to some extent in line with what was said here about the limited role of the nation state following globalization pressure, suffers increasingly from national and high income “cocooning”. This holds for natural sciences and engineering, life sciences as well as social sciences. Furthermore the increased awareness of the gap in research and innovation activities between the rich countries of the world, in particular the US, Europe and Japan, has led to renewed policy focus on measures aimed at “catching up” in the area of research and innovation (see the so-called Lisbon declaration and Barcelona target of the European Union). As justified these initiatives appear from the local, high income Northern perspective, they are likely to further exacerbate the growing gap in access to knowledge between the rich core and the rest of the world.

In this sense, the aim of the Globelics research network resembles some of the typical NGO, and in particular its non-governmental (EU) sponsored or funded features: a ‘negative identity’ as an alternative network in research focus; a strong voluntaristic-based participation; a not-for-academic purpose; but a global ‘public good’ research purpose. And like other NGOs, Globelics will want to influence with its research priority setting national governments. It could be similarly argued that Globelics resembles in many ways also a community sponsored NGO. As Lundvall and Soete (2002) put it last year: “as economists... we believe that there is a strong need to get one’s priorities right.

Our involvement over the last decades in numerous national and EU policy reports, advice, studies, with many other scholars, might marginally have contributed to some improvements in policy making and the academic understanding of the process of welfare increase associated with innovation and knowledge accumulation more generally, and its national distribution. However, compared to the utility of such research in the South, our personal utility has been marginal... Hence, at the more personal level, we feel there is a strong need for scholars in the field of learning, innovation and competence building to start focusing on those parts of the globe where better insights might matter rather than be pecuniary led to focus on one's own rich periphery." In this sense Globelics appears just like any other NGOs based on a solidarity-motive, in this case research solidarity.

Bibliography:

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