

## NEW PRINCIPLES OF GOVERNANCE IN THE GLOBAL AGE

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### Summary

Global forces are penetrating the economic life, political order, and postmodern culture of our world so pervasively that it makes the turn of the century look like the beginning of a new global era. This article discusses one particular aspect of this change, the new patterns and principles of global governance. The focus is on how the power relations of national, international and multinational actors in political life shape the world order and influence regional economies, nation-states and localities.

The role of international organizations, such as the IMF and the World Bank, will remain important in the near future. More integrated forms of political and economic cooperation are likely to emerge as well. On the other hand, a role of the nation-state seems to be diminishing, even though they will maintain their position as the key players in the global scene. Along with this the roles of regional and local governments are becoming more important in dealing with competitiveness, development and welfare policy issues.

One characteristic feature of the new world order is the increased power of the multinationals. It has even been claimed that global corporations have more power than states. Thus, the power of territorial governments is shifting not only to international organizations, but also to MNCs and networks of instrumental exchanges.

Civil society constitutes a counterforce to both government and business sectors. There is, indeed, some evidence of the formation of a sort of global civil society which challenges the premises of both corporate agenda and pervasive state intervention. Yet its role in the emerging pattern of governance is still unclear.

One of the key questions of global governance is to what extent the emerging post-Cold War order will be created through cooperation within democratic institutions. The need for a new cosmopolitan democracy is apparent. What are required are explicit governance arrangements, based on principles of democracy, pluralism, social equality, and sustainability. This is among the most critical governance issues in the first decades of the twenty-first century.

## **1. Introduction**

Global forces are penetrating the economic life, political order and postmodern culture of the world in a way that makes the turn of the century look epochal. This diffuse process has its roots in the emergence of a modern worldview, the formation of nation-states, colonialism and imperialism, though most of the recent trends of globalization have become visible as late as the 1980s and 1990s. What the most prominent futurists agreed on around the late 1980s was increases in complexity in social life, governments' difficulties in managing this complexity, the increased importance of science and technology, slowdown of world economic growth, interdependence of the globe and decline of the US's relative position due to increased competition and the integration of world economy. Much of what was foreseen at that time seems to have become true. These and other recent trends are now shaping the world we are living in to the extent that it seems plausible to speak about a new global age.

This article discusses the present state and future prospects of global governance. The

main focus is on how the relationships of the key institutional actors are changing, and how this affects the economic and political conditions at different institutional levels.

The key process behind the emerging new pattern of governance is *globalization*, a concept that became one of the most widely discussed during the 1990s. Globalization is said to be the direct consequence of the expansion of European culture across the planet via colonization and cultural imperialism. As a process it refers to the stretching of social relations and institutions across space and time. Consequently, day-to-day activities are increasingly influenced by events happening in any part of the globe and, on the other hand, local actions and decisions of the most influential actors may have far-reaching reverberations even at the global level. The concept of globalization refers to such processes as an erosion of institutional boundaries, a new consciousness of the world as a whole, increased regional and global interdependencies, and accelerated growth of economic activity that spans national and regional political boundaries.

*Governance*, the other key concept of this presentation, is ultimately about power relations and influence in polycentric and pluralist societies and, on its widest scale, in the whole world system. In its common usage, it refers to relationships between the main institutional sectors, i.e. government, market, and civil society. One of its main features is that, as distinguished from hierarchies and command structures, it concerns more dynamic inter-organizational relations, based on networks, negotiations, decentralization, and empowerment. Accordingly, governance is about the coordination of different institutional sectors as well as multiple levels of interdependencies in a complex societal setting. Usually official politico-administrative actors are seen as the primary coordinators of the governance relations, but it is important to notice that these relations exceed formal institutional boundaries and arrangements.

*Global governance* refers, in a broad sense, to the power relations of national, international and multinational actors in political and economic life which shape the world order and have a direct or indirect influence over regional economies, nation-states and localities.

## **2. Remarks on the Trends in Power Politics**

### **2.1. From the Westphalian Model to the Post-Cold War World**

Before going into the patterns of global governance, let's take a brief look at some recent historical developments in power politics. To begin with, the key players in the historical process of the formation of global order have been nation-states. David Held (1997) has suggested that the international order started to evolve on the basis of the Peace of Westphalia of 1648. The model of Westphalia was based on the idea that the world consists of sovereign states, that international law is oriented to the establishment of minimal rules of coexistence, and that cross-border acts are seen as "private matters" concerning those affected. This type of inter-state system lasted until the Second World War.

The League of Nations was established by a multilateral treaty at the end of the First World War, in 1918. It was meant to preserve peace and security, but as its premises

were too distant from the idea of sovereignty and the realities of power politics, it was not successful. The United Nations, established in 1945, was designed to overcome the weaknesses of the League, and also to establish the international power structure as it was understood at the end of the Second World War. The new inter-state system, sometimes referred to as the UN Charter model, was established, based on the division of power among influential countries and with a view to some universal ideas, such as human rights and international solidarity. The UN system did not fundamentally alter the logic and structure of the Westphalian order in the sense that powerful states had their authority enhanced through the granting of special powers (for example, China, France, UK, the US, and Russia—formerly the Soviet Union—are the permanent members of the Security Council of the UN). Yet, this new system contained some legal and political aspects which point to the possibility of a new organizational principle in world affairs.

In power politics the rise of the ideological estrangement known as the Cold War was the most important phenomenon which shadowed international affairs after the Second World War. In the ensuing “power vacuum,” the struggle for hegemony between the US and the Soviet Union led to a series of events which resulted in the bipolar model in world politics. The original theater of the Cold War was Europe. It arose from the aftermath of the Second World War, when an ‘iron curtain’ descended between East and West. Soon its effects spread to every part of the globe. In the 1970s a calmer phase in power politics, known as *détente*, emerged. By the 1980s changes in world economy and politics, relative decline of both superpowers, and especially the Soviet Union’s legitimation problems and fragile economy which culminated in the collapse of the Soviet system, paved the way for a totally new situation. The political turning point was the Conference on Security and Cooperation in Europe held in Paris in November 1990 in which heads of government produced the treaty which brought a formal end to the Cold War. Even though the promise of international harmony and cooperation proved to be illusory, one phase of political history came to an end. The US maintained its military capacity and political authority for effective intervention, which gave it a key position in the power politics of the post-Cold War world.

Even if the political mega trends described above have their undeniable impact on global order, it should be stressed that there are several forms of counterforce and resistance in every part of the world. Some of them openly attempt to preserve specific forms of culture and society against any form of global hegemony. There is also the need to emphasize that what happens in the world in different areas of social life is not totally controlled by global forces. In fact, the early 1990s looked rather like “the new global disorder.” Several bloody conflicts ensued and eruptions of violence occurred but this time with not so intensive ideologically based super power involvement as in the years of the Cold War when all the major conflicts were considered on the basis of how they fitted into East–West confrontation. In short, conflicts have become more apparently rooted in their regional, national and local contexts. In addition to this, the hegemony of the US seemed to increase while the authority of the UN was eroded by lack of funds and consensus.

It was not only the “Second World” or socialist countries but also the “Third World” that apparently needed to be redefined. Most of the so-called Third World countries

shared some experiences of imperialism, but this apparently turned out to be insufficient for creating unity among them. The wealthy oil producing countries of the Arab world as well as some newly industrialized countries (NICs) in East and South-East Asia, for instance, have very little in common with the least developed countries such as Mozambique or Angola in Africa or Nepal or Laos in Asia. A special case in this respect is the Organization of Petroleum Exporting Countries (OPEC), the cartel of 13 oil-producing countries established in 1960, which successfully used its monopoly power in controlling oil prices and supply and was able to raise the standard of living of its member countries. The Third World is not a bloc as it was assumed to be or to become. It has been suggested by Manuel Castells (1999b) that we need the concept of a “Fourth World” to describe the dark side of “dual cities” and multiple black holes of social and economic exclusion throughout the planet. These include not only Sub-Saharan Africa and impoverished rural areas of Latin America and Asia, but almost every country and every city populated by homeless, prostituted, stigmatized, sick, and illiterate persons.

### **2.3. Human Rights and Sovereignty of the State**

The two World Wars in the first half of the twentieth century marked a change in the inter-state system. It became evident that international governance would have to change if the most extreme crimes against humanity were to be outlawed. Increased interdependence was also recognized as a reality to be taken into account. One of the profound changes was the increased importance of human rights, freedom and democracy in international relations. Emphasis on human rights in international law and politics had its roots in the *Declaration of Independence of the United States* of 1776 and the US Constitution adopted in 1789, and the *Declaration of the Rights of Man and Citizen* of 1789 as the expression of the ideas of the French Revolution. A turning point in this respect was the establishment of the United Nations. *The United Nations Charter* as well as the UN General Assembly resolution known as *the Universal Declaration of Human Rights* (1948) were visible indicators of the increased importance of human rights in international affairs, as were also the first regional expressions of this kind, *the American Declaration of the Rights and Duties of Man* signed by original members of the OAS in 1948, and *the European Convention for the Protection of Human Rights and Fundamental Freedom* signed in Rome in 1950 by the 12 member states of the Council of Europe.

Independence movements around the 1950s and 1960s in Asia and Africa marked a fundamental change in the political situation. The decolonization processes, nation-building efforts and tendency to get rid of the dominance of “capitalist Europe” without committing to the Soviet-led communist bloc saw the light of day. Very soon, however, the optimism turned into severe internal conflicts, distress and famine. The Third World countries’ abilities to act effectively in the world markets remained minimal. At this time, especially since the establishment of the United Nations Conference on Trade and Development (UNCTAD) in 1964, the development issues of the Third World were taken on the agenda of the United Nations.

In general, the growing number of actors in world politics began to shape the scene of governance, and the increased number of international agreements and UN resolutions

and declarations were achieved in order to deal with the issues of international concern. These developments also affected the sovereignty of states profoundly. This was expressed in the *Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States* (1970) and in the *Declaration on the Inadmissibility of Intervention and Interference in the Internal Affairs of States* (1981). The apartheid system of South Africa, the occupation of Palestine by Israel, and violations of human rights by the junta in Chile were among the most widely discussed cases in the latter part of the twentieth century. What this meant, ultimately, was that violations of fundamental human rights and freedoms have been discussed and sanctioned by the UN even if the state under investigation has tried to invoke its sovereignty. This reveals how profoundly the idea of sovereignty changed during the twentieth century.

### 3. Institutional Aspects of Global Governance

As mentioned, global governance refers to dynamic power relations of national, international and multinational actors in political and economic life. In this chapter, these governance relations are described in more detail, the emphasis being on the role of institutional actors.

#### 3.2. New Premises of Global Governance

The complex pattern of global interconnections began to emerge with the initial expansion of the world economy and the rise of the modern state. In some respects, this process has evolved for hundreds of years, though the recent developments have some unique features. As, for example, traditional trade routes and empires could certainly link distant populations together and extend the influence of powerful cultures, it took a long time to establish them and they were maintained with some difficulty. They were based on direct coercive power, face-to-face communication and cumbersome systems of transportation and communication. In this respect the present situation is something quite different, even to the extent that in many cases, distance and territorial boundaries as barriers to socioeconomic activity can virtually be said to become annihilated.

Held (1997) has collected some evidence of the new trends of global governance. He has identified the following kinds of external “disjunctures” which illustrate how globalization seems to constitute constraints on political agencies. These include:

- *International law and global agenda.* The development of international law has placed individuals, communities, organizations and institutions under new systems of legal regulation (The European Convention on Human Rights, Rio Declaration etc.). The increased number of international and multilateral agreements as well as long-established customs have had a profound impact on governance relations even though international law lacks a true legislative body and has no effective executive to enforce it.
- *Internationalization of political decision making.* International regimes and organizations have been established to manage some areas of transnational activity and collective policy problems. This relates to the role of the United

Nations, regional institutions and international organizations in promoting global free market policy. Obviously a rise of transnational economic diplomacy and plural authority structures has taken place (G7, UN, EU, IMF etc.).

- *Hegemonic powers and international security structures.* The increased dominance of the US and NATO, and emerging military cooperation within the WEU. Suffice it to say here that NATO is a military organization established in 1949 by Western countries, originally aiming to protect Western Europe against the threat of the USSR and its allies. Due to the new trends in power politics the role and mission of NATO is changing.
- *National identity and the globalization of culture.* Membership of a state seems gradually to cease to be the primary source of political identity. This particular trend is affected by the developments in global communications.
- *Developments in world economy.* Liberalization of the economy, restructuring of capitalism and advances of the ICTs have led to a new situation in economic life, one of the consequences being that the increasing share of economic activities—management, finance, production, marketing and distribution of goods and services—is organized on a regional or global basis.

These changes in the fields of international law, political life, security policy, identity-building and economy, highlight shifting premises of global governance. In regard to formal governance relations, the key development relates to internationalization of political and legal processes and structures. These vary from international law and firmly established international organizations to regular or ad hoc meetings and conferences.

### **3.2. The United Nations and International Peace**

A most advanced creation in the global governance arena is the United Nations (UN), which was established for the purpose of maintaining international peace and security, developing friendly relations among nations and achieving international cooperation. *The United Nations Charter* was adopted by the San Francisco Conference in 1945. Due to the fact that it was prepared by the “Big Three” Allied Powers (the US, UK, USSR), the UN must be seen as a creation of its members, and bound by the political will of the permanent members of the Security Council. Even if this limits the scope of its actions, it provides some practical preconditions for the UN’s legitimate position and capacity. By now there are some 160 member countries in the UN. There are several specialized agencies affiliated with it. These include FAO, ILO, IMF, UNESCO, IBRD and WHO.

The ending of the Cold War brought with it some promising changes in the role of the UN even if the realities of world politics have shown that it has faced several new problems. It is likely that in a world structured by the dynamics of world capitalism, new conflicts arise from both identity crises and imbalances in the distribution of wealth and resources, and this may turn out to be the major challenge of the UN in the near future.

The best known part of the work of the UN relates to peace-keeping operations. The first such operation was an observer mission in Palestine in 1948. UN peace-keeping forces have been deployed for the first time in the Egypt–Israel sector, since 1956. Until

the mid-1990s there have been about 30 disputes and conflicts in different parts of the world in which the UN has been actively involved, of which almost 20 were so-called “peace-keeping operations.” The main function of these is to prevent the resumption or spread of a conflict through impartial supervision of cease-fires, truce agreements and withdrawals of troops and just through the stabilizing influence of a UN presence.

The Security Council of the UN has since the 1990s frequently chosen to authorize peace-keeping operations by willing member states of the UN or their alliances. In his *Supplement to an Agenda for Peace* (1995) the Secretary-General of the UN noted that regional organizations have much to contribute to maintaining international peace and security.

Even though the principles of this arrangement include respect for the primacy of the UN, long-term impacts may cause some changes in this respect. This new policy was put to the test in the cases of Bosnia and Herzegovina, Haiti, Iraq and Somalia. Even if this arrangement has been effective in some cases, it raises many questions for the future. One of the most important of them is whether this changes the working methods and principles applied to international peace-keeping operations. For example, the UN peace-keeping operations seek to achieve their objectives by negotiation and persuasion, rather than by force.

Is this policy expected to continue in the near future, if some national or regional economic or political interests affect how these authorized forces perform their duties? The new emerging model seems to favor security alliances of powerful countries, which means at the same time that their military power is maintained by lending their forces to the global security system.

The UN lacks the capacity to address all the major problems in different parts of the world. This is why regional and sub-regional efforts are important. The most serious conflicts have arisen in Africa, which deserves special attention here. Since 1970, there have been more than 30 wars in Africa, the vast majority of them being intra-state in origin. This is one of the major challenges to the whole international community and the UN and especially to the Organization of African Unity (OAU). The sources of these numerous conflicts reflect the complexity of the continent.

Both the legacy of authoritarian governance and arbitrary boundaries which were inherited from the colonial era explain much of this development. Even if the OAU decided in 1963 to accept the boundaries which African states had inherited from colonial rule, the fundamental problem remained.

In a nutshell, this has led to unfortunate incompatibility of traditional culture and patrimonialized state machinery which takes such forms as the internal problems of multi-ethnic states, suppression of political pluralism, nepotism, corruption, and the abuse of power. These features undermine the capacity of the African countries and the OAU too, and also make international intervention difficult. This is why the UN has paid attention to working on a regional and sub-regional basis in dealing with emerging conflicts as well as emphasizing the need for good governance in African countries.

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### **Biographical Sketch**

**Ari-Veikko Anttiroiko** is a professor of local governance in the Department of Local Government Studies, University of Tampere, Finland. Professor Anttiroiko has a doctoral degree in administrative sciences, a licentiate degree in social sciences and a master’s degree in philosophy. He is one of the leading scholars in local government studies in Finland. His current research interests cover such thematic areas as globalization, information society development and restructuring of local and regional governments. He is involved in several research projects in these areas and has done related expert work in different parts of Europe. His recent publications include *The Informational Region* (1998, also available in Spanish and Hungarian), *The Communicative Problems and Potentials of Teledemocracy* (1998; together with Professor R. Savolainen), *The Future of Local Government* (1999, in Finnish, with Professor P. Hoikka), and many others.