

GLOBAL GOVERNANCE AND ITS LIMITATIONS

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Keywords: Globalization, mode of production, scientific mode of production, global market, global civil society, erosion of state sovereignty, market fundamentalism, global governance, international order, international organizations, world federation, international non-governmental organizations, international cooperation, intergovernmentalism, veto power, majority decisions, international democracy, non-state actors, glocalization, multi-level governance and government, federalism, constitutionalization of international relations, the EU institutional model, international courts, world parliament, world government, negative and positive peace, world police forces, state-centric and geo-centric paradigm.

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Summary

Globalization produces an ever deeper contradiction between the development of the current stage of the evolution of the mode of production (the scientific revolution of material production), which is going to unify the world, and the state, the organized power that should govern it and make it so that general interests prevail over the private ones. This contradiction has produced the idea - market fundamentalism - that the global market and civil society can regulate themselves and therefore do not need any public regulation. The financial and economic crisis has defeated this ideology.

Global governance is a form of reaction to this idea, since it represents one of the possible ways of extending the sphere of politics to the global level. Its limitations reside in the belief that international cooperation and international organizations can solve every global issue. In fact, executive powers capable of lending binding force to common decisions are lacking at international level. Decision-making procedures tend to favor unanimity and the veto power and neglect the democratic principle of majority decisions. Lastly, non-state actors escape states' control and compete with them for decision-making power at the international level.

The fact that in the globalization process tendencies toward world unification coexist with decentralization and localization led to the idea of *glocalization*. It is a concept that echoes the federalist viewpoint of a reorganization of political power on several levels of government from the local community to the UN. This perspective is an aspect of the larger idea that, if globalization is to be regulated, international relations must be constitutionalized according to the example of the European Union, which is the laboratory of a new form of large-scale political organization. This idea includes institutions like a World Parliament and a World Government.

1. Introduction

In one of the most successful outlines of contemporary history, Eric Hobsbawm asserts that globalization represents the most “significant transformation” of the past century. “Between 1914 and the early 1990s the globe has become far more of a single operational unit, as it was not, and could not have been in 1914. [...] Notably in economic affairs the globe is now the primary operational unit and older units such as the ‘national economics’, defined by the politics of territorial states, are reduced to complications of transnational activities.” And yet, in spite of the prestige which Hobsbawm’s work enjoys, the sense of the globalization process remains, to the eyes of its author, indecipherable. The conclusion which he reaches at the end of his book is disappointing. “The Short Twentieth Century ended in problems, for which nobody had, or even claimed to have, solutions. As the citizens of the *fin-de-siècle* tapped their way through the global fog that surrounded them, into the third millennium, all they knew for certain was that an era of history had ended. They knew very little else.” These sentences represent the tacit admission of failure to achieve the highest task of historiography, i. e. to exhibit the general tendency of contemporary history.

Since the future grows out of the past, the history of the past should give rise to a forecast concerning the future. It is worth recalling that a great British historian, John Robert Seeley, argued that “We study history that we may be wise before the event”. Consequently, the event “will be the result of the working of those laws which it is the object of political science to discover. [...] The students of political science ought to be able to foresee, at least in outline, the event while it is still future.” The explosion of the literature on globalization illustrates various attempts to renew political theory, in order to adjust it to the novelty of the phenomenon. It will be the task of a new generation of scholars to help us to understand the nature of globalization and to renew the studies in world politics. The globalization process is a deep change that upsets our lives and has an outstanding significance as regards our future. And yet, we do not know if the concepts we use to grasp its nature and implications are sufficient to master the phenomenon intellectually and politically.

Investigation makes progress by dividing and subdividing the ground. An old saw says: *Qui bene distinguit, bene docet* [He, who distinguishes well, teaches well]. Therefore, the starting point of this investigation is what seems to be the fundamental contradiction brought about by globalization, i.e. the contradiction between the dynamics of market and civil society (that develop the tendency to become global) and the resistance opposed by the states (that remain national). Then, the important topics that stem from that hypothesis shall be treated separately. If we are committed to disperse the fog surrounding globalization, first we should try to single out criteria to understand it and

then attempt to govern it.

2. Globalization, Erosion of State Sovereignty and the Need for a Global Order

Before laying out the question of global governance in detail, it is worth devoting a preliminary reflection to the choice of the theoretical lens that here is used in the study of globalization. The concept of mode of production, adopted by historical materialism as the key to the interpretation of history, enables us to identify the most general law of the becoming of human societies. More precisely, the mode of production, since it creates the material and cultural environment in which states and international relations are immersed, enables us to specify the impact of the structures of production on the political structures.

The fundamental assumption of historical materialism is that the first condition of human history consists of concrete individuals producing their means of subsistence through which they satisfy their basic physical needs. If we utilize this conception of history simply as a “canon of historical interpretation” (this expression was coined by Benedetto Croce), the type of determinism exercised by the mode of production is not conceived as the sole factor influencing the nature of political, juridical, cultural and other social phenomena. According to this explanatory scheme, determinism does not proceed only in one direction (economic determinism), but is compatible with the mutual influence of political, juridical, cultural and social factors on material production. For instance, Max Weber, who defined historical materialism as a fruitful ideal type that can orient the work of social researchers, in his works on the sociology of religion highlighted how a cultural factor - the ethics of religions - influenced the evolution of the economic systems.

If we accept the idea of a mutual influence between the different factors that contribute to determine the course of history, we can consider the mode of production as the factor which exerts a decisive impact on the structure and the dimension of the state and international relations (Kupchan). More specifically, a relationship can be established between the mode of production and the state dimension, in particular between the agricultural mode of production and the city-state, between the first phase of the industrial mode of production (utilization of coal and the steam-engine) and the nation state, between the second phase of the industrial mode of production (utilization of electricity, oil and the internal combustion engine) and the state of dimensions as big as entire regions of the world. With the scientific revolution of material production (and the revolution in telecommunications and transport) the World Federation becomes possible. There is, therefore, a specific relationship between the globalization process, which is nothing more than an economic and social integration process on a world scale, and the scientific mode of production. This process, as slow as its evolution may be, creates the economic and social basis for the formation of a global market, a global civil society and global forms of statehood.

The most significant aspect of globalization concerns the sphere of politics, and consists in the contradiction between a market and a society that have been taking global dimensions, and a system of states that has remained national. Globalization produces an ever deeper contradiction between the development of the forces of production that are going to unify the world, and the state, the organized power that should govern it

and make it so that general interests prevail over the private ones. It subjects the state structures to a strong strain, and drives them to adapt their dimensions to the needs required by the new mode of production.

Those who maintain that globalization is not a new fact, but the evolution of a long term process that started with American conquest (e.g. Immanuel Wallerstein), consider this concept equivalent to other more generic ones like “interdependence” or “internationalization”. Those are terms designating a process that greatly increases and intensifies the relations between states and peoples of the planet; but it still is a process governed by the states, which remain the exclusive protagonists of international politics. In other words, their sovereignty is not subject to appreciable limitations by an increased interdependence.

Different is the nature of globalization, which is not a mere quantitative increase of social relations and exchanges at the world level. It is instead a qualitative change rooted in the scientific revolution of material production, and it creates, alongside the national societies and markets, a global society and a global market. Globalization is a process that escapes states’ control, limits their ability to act and dents the essential character of their structure and functions.

Owing to this contradiction, a vast movement of ideas arose, which asserted itself, not only in economic thinking but also in policymaking, after the accession to power of Margaret Thatcher (1979) and Ronald Reagan (1981): “market fundamentalism”. This expression was popularized by George Soros. Its basic idea is that the free play of market forces promotes the universal spread of wealth, freedom and peace. According to this ideology, markets are capable of regulating themselves and therefore do not need any public regulation. Any interference in market mechanisms is rejected. Therefore, the globalization era would mark the withering of the state and politics. The leaders of market fundamentalism did not confine themselves to abstain from intervening in market mechanisms, but practiced also an active deregulation. In this way, they abdicated their responsibility to regulate the market and civil society. The consequence was the triumph of the economic and social potentates and the spread of violence of organized crime and international terrorism.

Global governance is a form of reaction to this idea, since it represents one of the possible ways of extending the sphere of action of politics to the global level. But the financial and economic crisis has unquestionably shown the flaws of a lack of government and coercive rules to combat the abuses committed by the speculators. Joseph Stiglitz in 2008 argued that "the fall of Wall Street is to market fundamentalism what the fall of the Berlin Wall was to communism". The fact is that the economic order implies rules and a government, i.e. a political order. Without adequate institutions and rules, globalization cannot be regulated. It is worth recollecting that more than two centuries ago Adam Smith emphasized that the orderly working of market mechanisms is not only the result of the spontaneous weave of social relations. It requires public goods provided by the state, such as national defense, law and order, money and public works. In the contemporary world, this list has been extended with the inclusion e.g. of income redistribution and antitrust policies.

Economic forces alone cannot generate the social cohesion necessary to make the

market work. Only the state can shape the market order that makes the laws obeyed within the state's territory. Lionel Robbins observed that the market is an institution needing "a mechanism capable to defend law and order. But whereas this mechanism, if imperfect, exists *within* nations, there is no similar mechanism functioning *on the international plane*." Therefore, he defined anarchists as those who believe in a spontaneous harmony among the market actors and came to the conclusion that, to govern the world market, there is need for political institutions that perform the same functions on the international level as the state performs towards the national market, i.e. a World Federation. This logical conclusion has a weak point nevertheless. It does not explain how it has been possible, ever since the 19th century, to establish an embryonic form of world market without world government. Scholars of international political economy, a new branch of economic studies, have pointed out that, in certain periods of history, hierarchies of power develop in international relations between states that perform the task of ensuring a relative international economic order, albeit with the precariousness and mutability typical of international relations. The role of the navy and the trading hegemony of Great Britain ensured the cohesion of the world market during the nineteenth century and the corresponding role was played by the United States during the twentieth century.

This means that "a hegemon is necessary to the existence of a liberal international economy", as argued by Robert Gilpin. The theory of "international public goods without international government", elaborated by Charles Kindleberger, shows that the functioning of the international market requires a "stabilizer", a hegemonic power that guarantees that the international actors comply with common rules. This means that the dominant power exercises a military function, which assures a minimum of international order, and an economic function, which provides an international currency and the rules for international trade.

The analysis of the relations between market and state makes it possible to come to a general theoretical conclusion that enables us to more clearly discern the respective roles of the economy and the mode of production. The economy is governed by politics, but the mode of production is the factor that determines, in the last instance, the course of history, despite the resistance offered by politics and economics. On the other hand, both politics and economics have relative autonomy as regards the mode of production and represent essential elements for the functioning of the system of production.

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Biographical Sketch

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